

LORAIN COUNTY VISITOR'S BUREAU, INC.
(A NON-PROFIT ORGANIZATION)

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2002 AND 2001

ALAN V. JANUZZI
CERTIFIED PUBLIC ACCOUNTANT



**Auditor of State
Betty Montgomery**

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To the Board of Trustees of Lorain County Visitor's Bureau, Inc.

We have reviewed the Independent Auditor's Report of the Lorain County Visitor's Bureau, Inc., Lorain County, prepared by Alan Januzzi, CPA, for the audit period April 1, 2001 through March 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 Lorain County Visitor's Bureau, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

February 5, 2003

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LORAIN COUNTY VISITOR'S BUREAU, INC.
(A NON-PROFIT ORGANIZATION)

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION
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REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of Lorain County Visitor's Bureau, Inc.:

I have audited the accompanying statements of financial position of Lorain County Visitor's Bureau, Inc. (a non-profit organization) as of March 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lorain County Visitor's Bureau, Inc. as of March 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, I have also issued my report dated May 15, 2002, on my consideration of Lorain County Visitor's Bureau, Inc.'s internal control over financial reporting, and my test of its compliance with certain provisions of laws, regulations, contracts and grants.

Alan V. Januzzi
Amherst, Ohio
May 15, 2002

LORAIN COUNTY VISITOR'S BUREAU, INC.
 STATEMENTS OF FINANCIAL POSITION
 MARCH 31, 2002 AND 2001

	<u>3/31/02</u>	<u>3/31/01</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$183,080	\$242,865
Lodging excise tax receivable (Note C)	53,985	60,828
Inventory – promotional material (Note A)	<u>4,134</u>	<u>27,032</u>
TOTAL CURRENT ASSETS	\$241,199	\$330,725
PROPERTY AND EQUIPMENT (Note B)	386,432	151,026
Less accumulated depreciation	<u>(148,463)</u>	<u>(138,344)</u>
NET PROPERTY AND EQUIPMENT	\$237,969	\$ 12,682
OTHER ASSETS		
Deposits	<u>398</u>	<u>2,398</u>
TOTAL ASSETS	<u>\$479,566</u>	<u>\$345,805</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable & accrued expenses	11,484	5,099
Current portion-note payable	<u>50,000</u>	
TOTAL CURRENT LIABILITIES	61,484	5,099
NOTE PAYABLE (Note H)	<u>50,000</u>	
TOTAL LIABILITIES	111,484	5,099
NET ASSETS – UNRESTRICTED	<u>368,082</u>	<u>340,706</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$479,566</u>	<u>\$345,805</u>

See accompanying notes to financial statements.

LORAIN COUNTY VISITOR'S BUREAU, INC.
 STATEMENTS OF FINANCIAL POSITION
 YEARS ENDED MARCH 31, 2002 AND 2001

	12 MONTHS <u>3/31/02</u>	12 MONTHS <u>3/31/01</u>
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Lodging excise tax revenues (Note C)	\$368,898	\$409,761
Investment income (Note E)	7,711	4,032
Events, sales & reimbursements	838	5,033
	<hr/>	<hr/>
TOTAL SUPPORT AND REVENUE	\$377,447	\$418,826
EXPENSES		
ADVERTISING AND PROMOTION		
Media advertising	48,533	51,605
Brochures	27,032	44,916
Travel and conventions	3,367	1,906
Promotion	11,908	14,751
Trade shows & events	6,385	8,516
Telephone, postage and supplies	18,124	24,376
	<hr/>	<hr/>
TOTAL ADVERTISING AND PROMOTION	\$115,349	\$146,070
SALARIES AND WAGES	131,861	113,512
COLLECTION EXPENSE	13,414	13,868
OFFICE RENT	15,143	14,168
DEPRECIATION (Note B)	10,120	10,866
POSTAGE	1,895	2,044
SUPPLIES	2,278	3,133
PAYROLL TAXES	10,239	9,490
TELEPHONE	2,930	2,901
PROFESSIONAL FEES	5,450	7,714
EQUIPMENT EXPENSES	3,026	1,459
TRAVEL	979	1,141
DUES AND SUBSCRIPTIONS	3,707	3,639
UTILITIES	2,590	2,670
INSURANCE	18,121	16,523
AUTOMOBILE EXPENSES	1,129	2,655
OTHER TAXES	766	
MAINTENANCE AND REPAIRS	2,242	3,486
CONVENTIONS, SEMINARS AND MEETINGS	2,388	1,906
BANK CHARGES AND INTEREST	6,444	461
	<hr/>	<hr/>
TOTAL EXPENSE	\$350,071	\$357,706
INCREASE (DECREASE) IN NET ASSETS	27,376	61,120
NET ASSETS, BEGINNING OF YEAR	340,706	279,586
	<hr/>	<hr/>
NET ASSETS, END OF YEAR	\$368,082	\$340,706

See accompanying notes to financial statements.

LORAIN COUNTY VISITOR'S BUREAU, INC.
 STATEMENTS OF FINANCIAL POSITION
 YEARS ENDED MARCH 31, 2002 AND 2001

	12 MONTHS <u>3/31/02</u>	12 MONTHS <u>3/31/01</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$27,376	\$61,120
Adjustments to reconcile increase in net Assets to net cash provided by Operating activities:		
Depreciation	10,120	10,866
Realized loss on sales of investments		10,695
Changes in operating assets & liabilities:		
Decrease (increase) in receivables	6,843	(896)
Decrease (increase) in inventory	22,898	1,867
Increase (decrease) in accounts payable	<u>6,384</u>	<u>(9,207)</u>
 INCREASE (DECREASE) IN CASH FROM OPERATIONS	 \$73,621	 \$74,445
INVESTING ACTIVITIES		
(Increase) Decrease in deposits	2,000	(2,000)
Proceeds from sale of investments		114,822
Purchase of property & equipment	<u>(235,406)</u>	
CASH USED IN INVESTING ACTIVITIES	(233,406)	112,822
FINANCING ACTIVITIES		
Issuance of note payable	<u>100,000</u>	
NET INCREASE (DECREASE) IN CASH	(59,785)	187,267
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>242,865</u>	<u>55,598</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$183,080</u>	<u>\$242,865</u>

See accompanying notes to financial statements.

LORAIN COUNTY VISITOR'S BUREAU, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002 AND 2001

A. NATURE OF ACTIVIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF ACTIVIES

Lorain County Visitor's Bureau, Inc. is an Ohio non-profit corporation exempt from federal income tax under Section 501 (c) (6) of the Internal Revenue Code. The corporation was formed to use funds generated in Lorain County from the Hotel Lodging Excise Tax enacted under Resolution 83-492 on April 29, 1982. The corporation's purpose is to promote travel and tourism in Lorain County.

The organization promotes travel and tourism in Lorain County by undertaking numerous activities throughout the year. It spends a substantial amount of its resources in media advertising promoting Lorain County, and in developing brochures promoting the activities and points of interest in the county. Each year, Lorain County Visitor's Bureau, Inc. publishes a Lorain County Visitor's Guide available to those who are interested in visiting Lorain County. The organization also works with other non-profit organizations in other area visitor's bureaus to further its efforts.

Lorain County Visitor's Bureau, Inc. contracts with the Board of Commissioners of Lorain County, Ohio. This contract provides that as long as the bed tax exists, and as long as Lorain County Visitor's Bureau, Inc. maintains its existence, it will be the recipient of the bed tax proceeds, after allocations to localities and the collection fee charged by the County Commissioners. The existence of the Lorain County Visitor's Bureau, In. does depend on the collection of the lodging excise tax and its contract with the Lorain County Commissioners.

2. BASIS OF ACCOUNTING

The financial statements for Lorain County Visitor's Bureau, Inc. for the years ended March 31, 2002 and 2001 were prepared on the accrual method of accounting.

3. DONATED SERVICES

Periodically, volunteers provide services to Lorain County Visitor's Bureau, Inc. The value of these services is not recorded in the financial statements since there is no objective method for assigning a monetary value to those services, and they are not considered material in relation to the overall financial operations of the corporation.

4. INVENTORY

Inventory consists of promotional materials such as brochures and guides. Inventory is carried at cost and is relieved on a first-in, first-out basis.

5. CLASSIFICATION

The cost of collecting the Lodging Excise Tax is reflected in the financial statements as "Collection Expense". This represents the cost incurred by the County of Lorain in collecting and distributing the tax.

6. 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.

7. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Office furniture and fixtures are depreciated over a useful life of 7 years. Other equipment is depreciated over 10 years. Leasehold improvements are depreciated over 10 years. Computer equipment is depreciated over 7 years, and automobiles are depreciated over 5 years. Expenses for repairs and maintenance that do not add to the useful life of assets or contribute to their betterment are expensed as repairs and maintenance in the period incurred. The organization capitalizes and depreciates all assets that exceed a certain dollar amount if they have a useful life that extends beyond the one year.

8. FINANCIAL STATEMENT PRESENTATION

The organization follows 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, the organization is required to present a statement of cash flows. As permitted by this new statement, the organization does not use fund accounting, and has, accordingly, classified its financial statements to present three of the classes of net assets, where required. At March 31, 2002 and 2001, the organization did not have any temporarily or permanently restricted net assets.

9. INCOME TAXES

The organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (6) of the Internal Revenue Code. The organization is not classified as a private foundation. As such, the organization is exempt from certain federal, state and local income taxes.

B. FIXED ASSETS AND DEPRECIATION

Fixed assets are recorded at cost. The basis of the fixed assets are being depreciated over their estimated useful lives using the straight line method of depreciation. The costs and accumulated depreciation of fixed assets at March 31, 2002 and 2001 were as follows:

	March 31, 2001	March 31, 2002
Furniture	\$ 21,185	\$ 21,185
Office Equipment	51,198	51,198
Vehicle	17,190	17,190
Signs	3,116	3,116
Radio Station	9,009	9,009
Leasehold Improvements	39,830	39,830
Show Equipment	9,498	10,058
Construction in Progress		8,905
Land		225,941
	<hr/>	<hr/>
Totals	\$151,026	\$386,432
Less: Accumulated Depreciation	(138,344)	(148,463)
	<hr/>	<hr/>
Net Fixed Assets	<u>\$ 12,682</u>	<u>\$237,969</u>

Depreciation expense for the years ended March 31, 2002 and 2001 is \$10,120 and \$10,866, respectively.

C. RECEIVABLES AND LODGIN EXCISE TAX COLLECTIONS

The operations of Lorain County Visitor's Bureau, Inc. are dependent on the collection of the Lodging Excise Tax. The tax is collected and remitted quarterly. Taxes collected in a given quarter are remitted to Lorain Country Visitor's Bureau, Inc. approximately 60 days after the quarter. The amount due to the corporation for the quarter ended March 31, 2002 and 2001 was \$53,985 for 2002 and \$60,828 for 2001.

D. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the organization considers all unrestricted, highly liquid investment with an initial maturity of 120 days or less to be cash equivalents.

Included in cash and cash equivalents at March 31, 2002 are government backed repurchase agreements.

E. INVESTEMENTS AND INVESTMENT INCOME

The organization generated interest and dividend income in the amount of \$7,711 on its cash equivalents and various investments held throughout the March 31, 2002 year.

F. PROGRAM COSTS

During the March 31, 2002 year, the organization spent a majority of its costs on its only program of promoting tourism in Lorain County. Some of its resources were allocated to administration and supportive services, as follows:

Program expense	\$323,606
Supportive service	<u>\$ 26,465</u>
TOTAL EXPENSES:	<u>\$350,071</u>

G. CONCENTRATIONS AND CREDIT RISK

The organization is dependent upon the collection of the lodging excise tax for the majority of its revenues. In addition, all of its accounts receivable as of March 31, 2002 represented amounts due for the first quarter of 2002 from this lodging excise tax.

The organization maintains its cash and savings accounts and periodic short-term investments at a local financial institution. Periodically, balances at this institution exceed federally insured limits of \$100,000. As of March 31, 2002, the organization's cash and savings account balances did not exceed the \$100,000 federally insured limit, however, in addition to those balances, the organization had approximately \$123,000 in repurchase agreements invested in government backed securities.

H. NOTE PAYABLE

In March, 2001 Lorain County Visitor's Bureau, Inc. entered into an agreement to purchase property on State Route 58 in Amherst Township for the purpose of constructing a facility. In June, 2001, the organization purchased the property. Lorain County Visitor's Bureau, Inc. put \$125,000 down toward the purchase of this property, and issued a note to the seller in the amount of \$100,000 to be paid over a two-year period bearing interest at a rate of 8% per annum.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS OF FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of Lorain County Visitor's Bureau, Inc.:

I have audited the financial statements of Lorain County Visitor's Bureau, Inc. (a non-profit organization) as of and for the years ended March 31, 2002 and 2001, and have issued my report hereon dated May 15, 2002. I conducted my 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 Lorain County Visitor's Bureau, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclose no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered County Visitor's Bureau, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, and not to provide assurance on internal control over financial reporting. My 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 and 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information and use of management and the board of trustees of Lorain County Visitor's Bureau, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Alan V. Januzzi
Amherst, Ohio
May 15, 2002



**Auditor of State
Betty Montgomery**

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LORAIN COUNTY VISITOR'S BUREAU, INC.

LORAIN 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
FEBRUARY 20, 2003**