

FINANCIAL STATEMENTS  
**CLERMONT COUNTY CONVENTION  
AND  
VISITORS BUREAU**

Years ended December 31, 2003 and 2002  
with Independent Auditors' Report

FLYNN & COMPANY PSC, INC.  
*Certified Public Accountants*





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Clermont County Convention and Visitors Bureau

We have reviewed the Independent Auditor's Report of the Clermont County Convention and Visitors Bureau, Clermont County, prepared by Flynn & Company PSC, Inc. for the audit period January 1, 2003 through December 31, 2003. 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.

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

BETTY MONTGOMERY  
Auditor of State

August 17, 2004

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**CLERMONT COUNTY CONVENTION  
AND  
VISITORS BUREAU**

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## 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, 2003 and 2002, and the related statements of activity and net assets 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, 2003 and 2002, 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 15, 2004, 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 15, 2004

**CLERMONT COUNTY CONVENTION  
AND  
VISITORS BUREAU  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2003 and 2002**

<b>ASSETS</b>		
	2003	2002
<b>Current Assets</b>		
Cash and cash equivalents	\$ 56,479	\$ 107,420
Accounts receivable- lodging tax	27,232	23,244
Accounts receivable-other	360	245
Prepaid expenses	893	-
Total Current Assets	84,964	130,909
<b>Building and Equipment</b>		
Building	214,275	214,275
Land	35,725	35,725
Office improvements	53,088	50,870
Furniture and fixtures	63,467	32,315
Software	1,017	1,017
	367,572	334,202
Less accumulated depreciation	(47,936)	(32,021)
Total Building and Equipment	319,636	302,181
<b>TOTAL ASSETS</b>	<b>\$ <u>404,600</u></b>	<b>\$ <u>433,090</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 11,676	\$ 4,293
Accrued payroll and payroll taxes	7,111	3,615
Current portion of mortgage payable	6,785	5,658
Total Current Liabilities	25,572	13,566
<b>Long-Term Liabilities</b>		
Long-term mortgage payable	82,207	174,581
Total Liabilities	107,779	188,147
<b>Net Assets</b>		
Unrestricted net assets	296,821	244,943
Total Net Assets	296,821	244,943
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>404,600</u></b>	<b>\$ <u>433,090</u></b>

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



**CLERMONT COUNTY CONVENTION  
AND  
VISITORS BUREAU  
STATEMENTS OF ACTIVITY AND NET ASSETS  
Years Ended December 31, 2003 and 2002**

<b>Revenues and Other Support</b>	2003	2002
Lodging tax	\$ 393,624	\$ 326,823
Historical contract	-	24,000
Interest income	1,776	2,201
Grants	450	50,000
Miscellaneous	1,848	954
<b>Total Revenues and Other Support</b>	<b>397,698</b>	<b>403,978</b>
<b>Expenses</b>		
Payroll and payroll taxes	140,080	115,299
Benefits	30,879	26,456
Automobile	3,597	4,043
Bank service charges	254	80
Booths, fees and dues	5,648	5,267
Building improvements	1,223	5,132
Building maintenance	5,247	3,930
Depreciation	15,915	13,873
Equipment lease	3,245	5,283
Furniture and equipment	7,445	4,737
Historical contract	-	24,000
Insurance	5,242	4,178
Marketing	66,816	57,627
Miscellaneous	1,391	9,258
Mortgage interest	8,313	13,921
Office supplies	4,286	3,658
Printing	431	2,581
Postage	475	441
Professional fees	11,587	12,328
Property taxes	2,484	2,289
Staff training and development	1,645	-
Technology	4,682	3,322
Telephone	11,573	9,475
Travel and meetings	7,330	6,294
Utilities	6,032	7,438
<b>Total Expenses</b>	<b>345,820</b>	<b>340,910</b>
Increase in Net Assets	51,878	63,068
<b>Net Assets Beginning of Year</b>	<b>244,943</b>	<b>181,875</b>
<b>Net Assets End of Year</b>	<b>\$ 296,821</b>	<b>\$ 244,943</b>

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

**CLERMONT COUNTY CONVENTION  
AND  
VISITORS BUREAU  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2003 and 2002**

<b>Cash Flows from Operating Activities</b>	2003	2002
Increase in net assets	\$ 51,878	\$ 63,068
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,915	13,873
(Increase) decrease in accounts receivable	(4,103)	8,156
Increase in prepaid expenses	(893)	-
Decrease in other assets	-	8,084
Increase (decrease) in accounts payable	7,383	(1,851)
Increase in accrued payroll and accrued payroll taxes	3,496	1,829
Net cash provided by operating activities	73,676	93,159
 <b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(33,370)	(47,279)
Net cash used in investing activities	(33,370)	(47,279)
 <b>Cash Flows from Financing Activities</b>		
Principal payments - mortgage payable	(91,247)	(4,882)
Net cash used in financing activities	(91,247)	(4,882)
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(50,941)	40,998
 <b>Cash and Cash Equivalents at Beginning of Year</b>	107,420	66,422
 <b>Cash and Cash Equivalents at End of Year</b>	\$ <u>56,479</u>	\$ <u>107,420</u>

**Supplemental Disclosure of Cash Flow Information:**

Cash paid during the year for:		
Interest	\$ 8,313	\$ 13,921

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

**CLERMONT COUNTY CONVENTION  
AND  
VISITORS BUREAU  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2003 and 2002**

NOTE A – 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 2003 or 2002.

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 2003 or 2002.

**CLERMONT COUNTY CONVENTION  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2003 and 2002**

NOTE A– 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, 2003 and 2002.

**Accounts Receivable**

Accounts receivable at December 31, 2003 and 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  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2003 and 2002**

NOTE A – 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.

	2003	2002
Program services	\$ 242,081	\$ 245,455
General and administrative	<u>103,739</u>	<u>95,455</u>
Total expenses	\$ <u>345,820</u>	\$ <u>340,910</u>

**Reclassifications**

Certain amounts from 2002 have been reclassified to conform to the 2003 presentation. These reclassifications have no effect on net income or net assets.

NOTE B – 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 C – LONG-TERM DEBT

Long-term debt consists of a mortgage note. The note is a 4.1% note payable, secured by the property on East Main Street and is due in monthly installments of \$860.27, final payment due June 2023.

The required payments are as follows:

2004	\$ 6,785
2005	\$ 7,090
2006	\$ 7,386
2007	\$ 7,694
2008	\$ 8,015
Thereafter	\$ 52,022

**CLERMONT COUNTY CONVENTION  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2003 and 2002**

NOTE D – OPERATING LEASE

The Bureau leases a copier under an operating lease. The lease for the copier expires in August 2004. Total lease expense under this lease for 2003 and 2002 was \$3,245 and \$3,869, respectively.

Future minimum lease payments are as follows:

2004	\$ 2,114
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NOTE E – 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 2003 and 2002 was \$9,052 and \$8,021, 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, 2003, and have issued our report thereon dated June 15, 2004. 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 15, 2004







**Auditor of State  
Betty Montgomery**

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**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  
AUGUST 31, 2004**