

**THE GREATER COLUMBUS CONVENTION &
VISITORS BUREAU
dba EXPERIENCE COLUMBUS**

FINANCIAL STATEMENTS

* * * * *

December 31, 2003 and 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Greater Columbus Convention & Visitors Bureau
90 North High Street
Columbus, Ohio 43215

We have reviewed the Independent Auditor's Report of the Greater Columbus Convention & Visitors Bureau, Franklin County, prepared by GBQ Partners LLC, 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 Greater Columbus Convention & 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

May 17, 2004

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500 South Front Street, Suite 700
Columbus, Ohio 43215

614.221.1120
Fax 614.227.6999
www.gbq.com

To The Board of Trustees
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
Columbus, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus, as of December 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Bureau'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 Controller 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 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 The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus 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 also issued our report, dated February 27, 2004, on our consideration of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus 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 audits.

GBQ Partners LLC

Columbus, Ohio
February 27, 2004

50 Years
of Excellence
★ ★ ★ ★ ★

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THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

STATEMENTS OF FINANCIAL POSITION

December 31, 2003 and 2002

ASSETS

	<u>2003</u>	<u>2002</u>
Cash and cash equivalents	\$ 1,367,697	\$ 757,328
Accounts receivable	54,271	34,138
Prepaid expenses and deposits	96,081	90,325
Property and equipment - net	324,083	249,835
Investments for retirement liability	<u>4,932</u>	<u>4,908</u>
TOTAL ASSETS	<u>\$ 1,847,064</u>	<u>\$ 1,136,534</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 254,085	\$ 165,368
Accrued expenses	295,810	315,183
Deferred revenue	17,000	-
Capital lease obligations	2,314	6,717
Retirement liability	<u>40,061</u>	<u>40,061</u>
Total liabilities	<u>609,270</u>	<u>527,329</u>
NET ASSETS		
Unrestricted net assets	<u>1,237,794</u>	<u>609,205</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,847,064</u>	<u>\$ 1,136,534</u>

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

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2003 and 2002

	2003	2002
REVENUES AND OTHER SUPPORT		
Columbus bed tax	\$ 3,925,418	\$ 3,809,169
Contributions	498,731	515,487
Program revenue	397,453	514,450
Promotion revenue, Franklin County	900,000	500,000
Contributed services	224,115	232,924
Publication revenue	274,276	280,632
Sports marketing	469,286	-
Registration	59,812	58,100
Interest	9,259	5,890
Other income	2,591	19,898
Satisfaction of donor restrictions	-	14,000
Total revenues and other support	6,760,941	5,950,550
EXPENSES		
Convention marketing	3,806,868	3,927,829
Tourism marketing	499,841	433,620
Communication and public relations	579,300	522,589
Sports marketing	168,706	-
Management and general	1,077,637	940,750
Total expenses	6,132,352	5,824,788
Change in unrestricted net assets	628,589	125,762
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Satisfaction of donor restrictions	-	(14,000)
Change in net assets	628,589	111,762
Net assets - beginning of year	609,205	497,443
Net assets - end of year	\$ 1,237,794	\$ 609,205

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

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2003 and 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 628,589	\$ 111,762
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	81,211	103,324
(Increase) decrease in operating assets:		
Accounts receivable	(20,133)	44,721
Pledges receivable	-	160,000
Prepaid expenses and deposits	(5,756)	10,946
Increase (decrease) in operating liabilities:		
Accounts payable	88,717	(220,891)
Accrued expenses	(19,373)	39,477
Deferred revenue	17,000	-
Retirement liability	-	150
Total adjustments	141,666	137,727
Net cash provided by operating activities	770,255	249,489
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(155,459)	(23,064)
(Increase) decrease in investments for retirement liability	(24)	5,441
Net cash used in investing activities	(155,483)	(17,623)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease obligations	(4,403)	(8,143)
Net increase in cash and cash equivalents	610,369	223,723
Cash and cash equivalents - beginning of year	757,328	533,605
Cash and cash equivalents - end of year	\$ 1,367,697	\$ 757,328
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 538	\$ 1,433

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

During 2002, a capital lease obligation of \$7,974 was incurred when the Bureau entered into a lease for new equipment.

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

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NATURE AND SCOPE OF ACTIVITIES

The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus (the Bureau) was organized to promote, attract and service conventions for the city of Columbus, Ohio.

SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Financial Statement Presentation

The Bureau reports information regarding its financial position and activities according to the following three classes:

- Unrestricted net assets – Net assets that are not subject to time, donor-imposed stipulations or agreements. All monies of the Bureau are to be applied and expended solely for purposes consistent with the exempt purposes of the Bureau. For purposes of the statements of financial position and statements of activities, these funds are treated as unrestricted.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Bureau or the passage of time. As of December 31, 2003 and 2002, there were no temporarily restricted net assets.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Bureau. As of December 31, 2003 and 2002, there were no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash represents cash on hand, demand deposits held by banks and short-term investments having an initial maturity of three months or less.

(Continued)

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

The Bureau grants credit to its Members for participation in various functions. The Bureau uses the allowance method to recognize potentially uncollectible accounts. The allowance is provided based on management's estimation of the collectibility of the accounts receivable as of December 31, 2003 and 2002. The estimation takes into consideration historical trends, past history with specific customers and current economic conditions. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to not be collectible. Interest is not charged by the Bureau on past due accounts. No allowance has been recorded due to management's belief that all accounts are collectible as of December 31, 2003 and 2002.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation computed on the straight-line method. Property and equipment that are donated are recorded at their fair market value on the date of receipt. Major renewals and betterments over \$500 are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Property and equipment are depreciated over their estimated useful lives as follows:

Office furniture and equipment	3 – 10 years
Computer equipment	3 – 5 years
Leasehold improvements	5 – 10 years
Assets held under capital lease	3 – 7 years

Investments for Retirement Liability

Investments in debt securities are valued at their fair values as determined by quoted market prices in the statements of financial position. At December 31, 2003 and 2002, the fair value of the Bureau's investments approximate cost.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

(Continued)

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services and Materials

The Bureau receives support from its Members in the form of publications, meeting facilities, lodging, meals and transportation. The estimated fair value of these services is reported as income and expense in the period in which the services are rendered and materials are donated.

Promotion, Publication and Program Revenue

The Bureau obtains support from the City of Columbus and Franklin County, Ohio to promote the City of Columbus and for Bureau programs, such as special events for trade shows and conventions. The Bureau also receives support to assist in reducing costs of certain publications.

Federal Income Taxes

The Bureau is exempt from federal taxes under Section 501(c)(6) of the Internal Revenue Code.

Advertising Expense

The Company expenses advertising costs as incurred. Advertising expenses were \$722,980 and \$728,993 for 2003 and 2002, respectively.

Reclassifications

Certain amounts in the 2002 financial statements have been reclassified to conform to the 2003 presentation report.

CASH

The Bureau maintains its cash in three accounts with one financial institution. The balances, at times, may exceed federally insured limits. Additionally, the Bureau has two money market accounts that are not federally insured. At December 31, 2003, the Bureau exceeded the federally insured limit by approximately \$1,265,000. It is the opinion of management that the solvency of the financial institution is not of particular concern at this time.

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THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2003</u>	<u>2002</u>
Office furniture and equipment	\$ 445,836	\$ 413,500
Computer equipment	429,989	367,090
Leasehold improvements	451,274	391,050
Assets held under capital lease	<u>25,409</u>	<u>25,409</u>
	<u>1,352,508</u>	1,197,049
Less: accumulated depreciation and amortization	<u>(1,028,425)</u>	<u>(947,214)</u>
Property and equipment – net	<u>\$ 324,083</u>	<u>\$ 249,835</u>

LINE OF CREDIT

The Bureau has a \$350,000 line of credit with a bank. Interest is payable monthly at prime. The agreement expires in June 2004. The line is secured by substantially all assets of the Bureau. The Bureau had no borrowings at December 31, 2003 or 2002.

RETIREMENT LIABILITY

The Bureau has a contract with a retired president for non-qualified retirement benefits. The past president is to receive, for the remainder of his life, an annual amount from the Bureau (payable monthly) of \$22,000. The Bureau's liability was \$40,061 at December 31, 2003 and 2002.

The investments for this retirement plan are in a custodial account maintained by the Huntington National Bank of Columbus. The funds in this account are invested in debt securities selected by the custodian. The Bureau contributed to this custodial account \$22,000 and \$16,500 in 2003 and 2002, respectively. The custodial account's balance was \$4,932 and \$4,908 at December 31, 2003 and 2002, respectively.

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THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

CONTRIBUTED SERVICES INCOME

Contributed services are as follows:

	2003	2002
Convention marketing		
Travel, lodging, meals and incidentals	\$ 47,270	\$ 27,299
Decorating fees	7,000	375
Production costs	56,728	46,035
Audio visual	-	2,000
Facility fee	4,519	1,750
	115,517	77,459
Tourism marketing		
Visitors center – rent	37,536	35,286
Travel, lodging, meal and incidentals	1,397	-
	38,933	35,286
Communications and public relations		
Facility fees	2,150	28,725
Decorating fees	250	10,500
Production costs	44,127	52,047
Consulting	-	10,000
Event promotional supplies	945	1,150
Travel, lodging, meals and incidentals	10,793	6,357
	58,265	108,779
Management and general		
Van lease	11,400	11,400
Total	\$ 224,115	\$ 232,924

RETIREMENT PLAN

The Bureau has a 401(k) retirement plan that covers all eligible employees. Eligible employees may elect to defer receipt of a portion of their annual wages as a contribution to the Plan. The Bureau contributes, on behalf of each eligible participant, a discretionary matching contribution equal to 75% of salary reductions up to 6% of compensation. The Bureau also contributes 5% of each participating individual's compensation to the Plan. The Bureau may make additional contributions to the Plan at the discretion of the Board of Directors. Expense related to this Plan was \$153,162 and \$92,456 in 2003 and 2002, respectively.

The Bureau also has a self-funded disability plan providing for benefits if an employee is unable to work for medical reasons. The Plan provides benefits of 66% of the employee's current salary for the period of disability, not to exceed eight weeks. No disability payments were made in 2003. Disability payments of \$4,371 were paid in 2002.

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THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

LEASE COMMITMENTS

The Bureau has capital lease agreements for various office equipment. These leases have been capitalized at \$25,409 in both 2003 and 2002. Accumulated amortization was \$20,164 at December 31, 2003 and \$19,508 at December 31, 2002. Interest expense relating to these leases was \$500 and \$1,433 in 2003 and 2002, respectively.

The Bureau also leases facilities under operating leases expiring through November 2007. The facilities lease contains an option to renew for two additional five-year periods. Rent expense was \$288,154 and \$268,551 in 2003 and 2002, respectively.

Future minimum annual lease payments are as follows:

	<u>Operating Leases</u>	<u>Capital Leases</u>
2004	\$ 235,548	\$ 2,427
2005	235,746	-
2006	237,924	-
2007	<u>108,639</u>	<u>-</u>
Total minimum lease payments	817,857	2,427
Less: amounts representing interest	<u>-</u>	<u>(114)</u>
Present value of net minimum lease payments	<u>\$ 817,857</u>	<u>\$ 2,313</u>

SUPPLEMENTARY INFORMATION

500 South Front Street, Suite 700
Columbus, Ohio 43215

614.221.1120
Fax 614.227.6999
www.gbq.com

To The Board of Trustees
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
Columbus, Ohio

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

We have audited the financial statements of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus as of and for the year ended December 31, 2003. 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 Greater Columbus Convention & Visitors Bureau, dba Experience Columbus' financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Greater Columbus Convention and Visitors Bureau, dba Experience Columbus' 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 material weaknesses.

To The Board of Trustees
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
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This report is intended solely for the information and use of the executive committee, management and the City of Columbus, Ohio and is not intended to be and should not be used by anyone other than these specified parties.

GOC Partners LLC

Columbus, Ohio
February 27, 2004



**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

GREATER COLUMBUS CONVENTION AND VISITORS BUREAU

FRANKLIN 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
JUNE 1, 2004**