

**SPRINGFIELD AREA CONVENTION
AND VISITORS BUREAU, INC.**

**INDEPENDENT AUDITOR'S REPORT
WITH
FINANCIAL STATEMENTS**

YEAR ENDED AUGUST 31, 2004



**Auditor of State
Betty Montgomery**

Board of Directors
Springfield Area Convention and Visitors Bureau, Inc.
Springfield, Ohio

We have reviewed the Independent Auditor's Report of the Springfield Area Convention and Visitors Bureau, Inc., Clark County, prepared by Mesarvey, Russell & Co., LLC, for the audit period September 1, 2003 through August 31, 2004. 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 Springfield Area Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

May 3, 2005

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TABLE OF CONTENTS

PAGE NO.

INDEPENDENT AUDITORS' REPORT..... 1

FINANCIAL STATEMENTS

 Statement of Financial Position..... 2

 Statement of Activities..... 3-4

 Statement of Cash Flows 5-6

 Notes to Financial Statements..... 7-8

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL..... 9-10
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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Mesarvey, Russell & Co., LLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Springfield Area Convention and Visitors Bureau, Inc.
Springfield, Ohio**

We have audited the accompanying statement of financial position of the Springfield Area Convention and Visitors Bureau, Inc. as of August 31, 2004 and the related statements of activities and cash flows for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those 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.

In our opinion, the accompanying financial statements referred to above, present fairly, in all material respects, the financial position of the Springfield Area Convention and Visitors Bureau, Inc. at August 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2004 on our consideration of the Springfield Area Convention and Visitors Bureau, Inc.'s internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mesarvey, Russell & Co., LLC.

Limited Liability Company
Independent Certified Public Accountants

October 29, 2004

SPRINGFIELD AREA
CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2004

ASSETS

CURRENT ASSETS

Cash	46,215	
Cash - grants	82,925	
Accounts receivable - accomodations tax	<u>74,759</u>	
Total Current Assets		203,899

FIXED ASSETS

Office equipment and audio visual	33,722	
Vehicle	14,867	
Leasehold improvements	<u>11,059</u>	
Cost basis	59,648	
Accumulated depreciation	<u>31,644</u>	
Total Fixed Assets		<u>28,004</u>

231,903

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable - grants	<u>19,210</u>	
Total Current Liabilities		19,210

NET ASSETS

Unrestricted	133,913	
Temporarily restricted	<u>78,780</u>	
Total Net Assets		<u>212,693</u>

231,903

See accompanying notes.

SPRINGFIELD AREA
CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED AUGUST 31, 2004

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>REVENUES</u>			
City of Springfield accommodations tax	232,414	51,647	284,061
Springfield Township accommodations tax	49,589	11,021	60,610
Other income	235	1,297	1,532
Interest earned	479	78	557
Assets released from restrictions	<u>84,400</u>	<u>(84,400)</u>	<u>-</u>
	<u>367,117</u>	<u>(20,357)</u>	<u>346,760</u>
 <u>ADMINISTRATIVE EXPENSES</u>			
Administrative fees	230,600	-	230,600
Travel	3,934	-	3,934
Depreciation	<u>6,962</u>	<u>-</u>	<u>6,962</u>
	<u>241,496</u>	<u>-</u>	<u>241,496</u>
 <u>PROGRAM EXPENSES</u>			
Brochures	3,427	-	3,427
In house printing and publications	5,950	-	5,950
All american city	3,310	-	3,310
Promotions	1,685	-	1,685
Trade shows	3,439	-	3,439
Marketing	9,358	-	9,358
Promotional Items	1,520	-	1,520
Professional affiliations	1,805	-	1,805
Welcome bags	1,000	-	1,000
Welcome Cedarville	900	-	900
Other expenses	1,662	-	1,662
Local events	383	-	383
Motorcoach program	14,487	-	14,487
Heritage Tourism	1,512	-	1,512
Group Support	2,000	-	2,000
Meeting planning guide	1,155	-	1,155
Cedarville Athletic	300	-	300
Taste of Springfield	525	-	525
Other Program expenses	1,783	-	1,783
Bureau meetings	488	-	488
Advertising and direct mail	5,883	-	5,883
Grants awarded	<u>84,400</u>	<u>-</u>	<u>84,400</u>
Total program expenses	<u>146,972</u>	<u>-</u>	<u>146,972</u>
 Total expenses	 <u>388,468</u>	 <u>-</u>	 <u>388,468</u>

See accompanying notes.

SPRINGFIELD AREA
CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2004

Increase (decrease) in net assets	(21,351)	(20,357)	(41,708)
Net assets, beginning of year	<u>155,264</u>	<u>99,137</u>	<u>254,401</u>
Net assets, end of year	<u><u>133,913</u></u>	<u><u>78,780</u></u>	<u><u>212,693</u></u>

See accompanying notes.

SPRINGFIELD AREA
CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from accommodations tax	344,549	
Interest income	557	
Other income	3,157	
Cash paid to vendors and employees	<u>(364,396)</u>	
Net cash used by operating activities		(16,133)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	<u>(3,746)</u>	
Net cash used by investing activities		<u>(3,746)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

-

NET DECREASE IN CASH

(19,879)

CASH, Beginning of year

149,019

CASH, Ending of year

129,140

See accompanying notes.

SPRINGFIELD AREA
CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED AUGUST 31, 2004

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH USED BY OPERATING ACTIVITIES:

Change in net assets	(41,708)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	6,962
Increase in accounts receivable	1,503
Increase in accounts payable	<u>17,110</u>
Net cash used by operating activities	<u>(16,133)</u>

DETAIL OF CASH ACCOUNTS:

Cash - general	46,215
Cash - grants	<u>82,925</u>
Total	<u>129,140</u>

See accompanying notes.

**SPRINGFIELD AREA
CONVENTION AND VISITORS BUREAU, INC.**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2004

Note 1. Summary of Significant Accounting Policies.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America. Prior to August 31, 2004, the Bureau used the modified cash basis of accounting and fund balance methods.

Fixed Assets - Fixed assets are carried at cost less accumulated depreciation and are being depreciated over their estimated useful lives on the straight line method. When assets are sold, disposed or abandoned, the cost and accumulated depreciation is reduced and the resulting gain or loss is reflected in revenues and gains.

Tax Status - The Springfield Area Convention and Visitors Bureau, Inc. is a non-profit organization and, as such, does not pay federal, state or local income taxes under Section 501 (c) (6) of the Internal Revenue Code.

Cash and Cash Equivalents - For purposes of reporting cash flows, all amounts maintained in the checking account and certificates of deposit with an original maturity of three months or less are considered cash and cash equivalents.

Funding - The Bureau has four year contracts with the City of Springfield and Springfield Township requiring the Bureau to promote the city and surrounding area for conventions and tourism. The agreement provides that the city and the township fund the promotion from an accommodation tax based upon budgets submitted by the Bureau. The provisions are so written that the funding is based upon the pro rata share of accommodation tax collections received by each party as compared to total accommodation tax collections received by the city and township. To the extent budgeted funds forwarded by either party to the Bureau exceed the actual tax collections, the Bureau is liable to return such funds. Any monies not expended by the Bureau in a fiscal year shall be held by the Bureau for allocation to the Bureau's expanding programs and special projects subject to reasonable budget approval by the Bureau's Board of Trustees. The existing contracts which expire August 31, 2004 provides for payment to the Convention and Visitors Bureau to be 55% in total of the 6% accommodation tax collected. The payments are to be allocated between the Unrestricted assets (45%) and a new Grant Account (10%) which will be used to support the promotion of local events and attractions based upon approval of each events grant application for funding.

Subsequent to August 31, 2004, the Bureau has signed an extension to the above contract until December 31, 2004.

The agreements with the City and Township provide 98% of the Bureau's revenue. We are unable to determine what impact a change in contract terms and/or renewal options would have on the Bureau at this time.

**SPRINGFIELD AREA
CONVENTION AND VISITORS BUREAU, INC.**

NOTES TO FINANCIAL STATEMENTS - continued

AUGUST 31, 2004

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Donated Services.

No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services.

Note 3. Related Party Transactions.

The Bureau operates in conjunction with the Springfield Clark County Chamber of Commerce. As such, the administrative fee of \$230,600 charged includes the Bureau's proportionate share of salaries, payroll taxes, rent, fees and other administrative costs.

The Bureau is dependent upon the Springfield Clark County Chamber of Commerce.

Note 4. Concentration of Credit Risk.

The Bureau maintains cash balances with various financial institutions throughout the year in excess of the amount insured by the Federal Depository Insurance Corporation. The financial institutions have strong credit ratings and management believes there is minimal risk concerning these deposits.

Note 5. Subsequent Event.

The Bureau has subsequently signed a new funding agreement with the City of Springfield and Township which will take effect January 1, 2005.

Note 6. Change in accounting principles.

The Bureau changed to the accrual method of accounting effective with the August 31, 2004 year end. As a result of this change net assets decreased by \$121 for the fiscal year ended August 31, 2004. Due to the change to this net asset reporting method, net assets at August 31, 2003 increased \$72,536.

Mesarvey, Russell & Co., LLC

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Board of Directors
Springfield Area Convention and Visitors Bureau
Springfield, Ohio**

We have audited the financial statements of the Springfield Area Convention and Visitors Bureau, Inc. (the Bureau) as of and for the year ended August 31, 2004 and have issued our report thereon dated October 29, 2004. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the 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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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 the internal control over financial reporting, which we have reported to the management of the Springfield Area convention and Visitors Bureau in a separate letter dated, October 29, 2004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of 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.

Mesarvey, Russell & Company, LLC

A Limited Liability Company
Independent Certified Public Accountants

October 29, 2004



**Auditor of State
Betty Montgomery**

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SPRINGFIELD AREA CONVENTION AND VISITORS BUREAU, INC.

CLARK 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
MAY 17, 2005**