

**ASHLAND AREA  
CONVENTION AND VISITORS BUREAU  
A DIVISION OF THE  
ASHLAND AREA CHAMBER OF COMMERCE**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2005  
AND JUNE 30, 2004**





**Auditor of State  
Betty Montgomery**

Board of Directors  
Ashland Area Convention and Visitors Bureau,  
A division of the Ashland Area Chamber of Commerce  
Ashland, Ohio

We have reviewed the *Independent Auditor's Report* of the Ashland Area Convention and Visitors Bureau, a division of the Ashland Area Chamber of Commerce, Ashland County, prepared by Varney, Fink & Associates, Inc., for the audit period July 1, 2003 through June 30, 2005. 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 Ashland Area Convention and Visitors Bureau, a division of the Ashland Area Chamber of Commerce is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

June 14, 2006

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**ASHLAND AREA CONVENTION AND VISITORS BUREAU  
A DIVISION OF THE ASHLAND AREA CHAMBER OF COMMERCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2005  
AND JUNE 30, 2004**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Ashland Area Convention and Visitors Bureau  
A Division of the Ashland Area Chamber of Commerce  
10 West Second Street  
2<sup>nd</sup> Floor  
Ashland, OH 44805-2223

We have audited the accompanying statement of financial position of the Ashland Area Convention and Visitors Bureau (the Bureau), a division of the Ashland Area Chamber of Commerce, as of June 30, 2005 and June 30, 2004, 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 audit.

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. 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 the 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 financial statements referred to above present fairly, in all material respects, the financial position of the Ashland Area Convention and Visitors Bureau, a division of the Ashland Area Chamber of Commerce, as of June 30, 2005 and June 30, 2004 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 April 14, 2006 on our consideration of the Bureau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

April 14, 2006

**Ashland Area Convention and Visitors Bureau**  
**A Division of the Ashland Area Chamber of Commerce**  
**Statement of Financial Position**  
**June 30, 2005 and June 30, 2004**

	June 30, 2005	June 30, 2004
<u>ASSETS</u>		
Current Assets:		
Cash	\$34,310	\$36,850
Cash - Money Market	15,322	15,213
Accounts receivable	16,516	15,480
	<u>66,148</u>	<u>67,543</u>
Total Current Assets		
Fixed Assets:		
Furniture, Fixtures and Equipment	15,436	15,436
Less: Accumulated depreciation	<u>(8,047)</u>	<u>(5,435)</u>
	<u>7,389</u>	<u>10,001</u>
Net Fixed Assets		
Total Assets	<u><u>\$73,537</u></u>	<u><u>\$77,544</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$18,386	\$5,617
Accrued - Payroll	<u>\$606</u>	<u>\$0</u>
	<u>18,992</u>	<u>5,617</u>
Total Liabilities		
Net Assets:		
Unrestricted	<u>54,545</u>	<u>71,927</u>
Total Net Assets	<u>54,545</u>	<u>71,927</u>
Total Liabilities and Net Assets	<u><u>\$73,537</u></u>	<u><u>\$77,544</u></u>

The notes to the financial statements are an integral part of this statement.



**Ashland Area Convention and Visitors Bureau**  
**A Division of the Ashland Area Chamber of Commerce**  
**Statement of Activities**  
**For the Fiscal Years Ended June 30, 2005 and June 30, 2004**

	Fiscal Year Ended	
	June 30, 2005	June 30, 2004
<b>UNRESTRICTED NET ASSETS</b>		
<b>REVENUES</b>		
Brochure Advertising	\$0	\$18,050
Hotel Tax	96,804	94,980
Postcard	30	0
Annual Meeting	672	623
Interest	108	88
Other	5,610	400
	<hr/>	<hr/>
Total Revenues	103,224	114,141
<b>EXPENSES</b>		
Administrative:		
Salaries	36,575	31,671
Payroll Taxes	2,752	2,441
Employee Benefits	1,496	1,520
Mileage Reimbursement	1,034	1,006
Contractual Services	8,499	14,120
Marketing and Public Relations	427	595
Operating:		
Advertising	32,552	31,945
Affiliations	1,404	1,642
Conference	677	547
Depreciation	2,612	2,547
Insurance	833	750
Member Relations	468	459
Legal and Professional	917	3,468
Office Equipment	2,837	1,316
Office Supplies	1,121	1,533
Postage	1,598	2,661
Rent - Office	5,388	5,388
Subscriptions	185	188
Telephone	2,751	2,795
Brochure	593	16,663
Literature	5,899	651
Clothing	351	78
Annual Meeting	882	912
Grant Expense	5,950	3,450
Other	2,805	305
	<hr/>	<hr/>
Total Expenses	120,606	128,651
Change in Net Assets	(17,382)	(14,510)
Net Assets, Beginning of Fiscal Year	71,927	86,437
Net Assets, End of Fiscal Year	<hr/> <hr/>	<hr/> <hr/>
	\$54,545	\$71,927

The notes to the financial statements are an integral part of this statement.

**Ashland Area Convention and Visitors Bureau**  
**A Division of the Ashland Area Chamber of Commerce**  
**Statement of Cash Flows**  
**For the Fiscal Years Ended June 30, 2005 and June 30, 2004**

	Fiscal Year Ended	
	June 30, 2005	June 30, 2004
Cash flows from operating activities:		
Change in net assets	(\$17,382)	(\$14,510)
Adjustments to reconcile net assets to net cash (used for) operating activities:		
Depreciation	2,612	2,547
Increase in accounts receivable	(1,036)	(3,258)
Increase in accounts payable	12,769	0
Decrease in accounts payable	0	(6,245)
Increase in accrued payroll	606	0
Total adjustments	14,951	(6,956)
Net cash (used for) operating activities	(2,431)	(21,466)
Cash flows from investing activities:		
Purchases of furniture, fixtures and equipment	0	(606)
Invested in money market account	(109)	(88)
Net cash (used for) investing activities	(109)	(694)
Net (decrease) in cash	(2,540)	(22,160)
Cash at beginning of fiscal year	36,850	59,010
Cash at end of fiscal year	\$34,310	\$36,850

The notes to the financial statements are an integral part of this statement.

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ASHLAND AREA CONVENTION AND VISITORS BUREAU  
A DIVISION OF THE ASHLAND AREA CHAMBER OF COMMERCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND JUNE 30, 2004

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE REPORTING ENTITY**

The Ashland Area Convention and Visitors Bureau (the Bureau), a division of the Ashland Area Chamber of Commerce, Ashland County, Ohio, is a not-for-profit organization established in accordance with Section 501(c)(6) of the Internal Revenue Code. The Bureau was formed for the purpose of using funds generated within Ashland County by the county hotel excise tax. The Bureau operates under a nine-member Board of Directors who are internally elected and governed by the Ashland Area Chamber of Commerce.

The Bureau provides general public services to promote Ashland County travel and tourism. The Bureau promotes travel and tourism by extensive advertising and personal representation. The Bureau also works with other county convention and visitors bureaus to further interest in Ashland County.

B. **BASIS OF ACCOUNTING**

These financial statements for July 1, 2003 through June 30, 2005 for the Bureau were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

C. **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 in these financial statements. Accordingly, actual amounts may vary from those estimates.

D. **FIXED ASSETS**

Acquisitions of furniture, fixtures and equipment are not recorded as disbursements (capital outlays) when paid. These items are reflected as assets in the financial statements. They are reported at cost and depreciated by the straight-line method over their estimate useful lives. It is the Bureau's policy to capitalize disbursements for these items in excess of \$500.

ASHLAND AREA CONVENTION AND VISITORS BUREAU  
A DIVISION OF THE ASHLAND AREA CHAMBER OF COMMERCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND JUNE 30, 2004

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **FINANCIAL STATEMENT PRESENTATION**

The Bureau prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Bureau 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 Bureau is required to present a statement of cash flows. At June 30, 2005 and 2004, the Bureau did not have any temporarily or permanently restricted net assets. At this point, all net assets of the Bureau are restricted only in that they be used to further travel and tourism of Ashland County. These net assets are considered to be unrestricted for the presentation of these financial statements.

F. **INCOME TAXES**

The Bureau 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 and as such, is not subject to Federal, state or local income taxes.

2. **RECEIVABLES AND HOTEL EXCISE TAX COLLECTIONS**

The Bureau is dependent on the collection of the hotel tax by the Ashland County Auditor. Bed taxes became a lien for the Bureau in 1997. The County Auditor adjusts the rates subject to political subdivision approval. Payments are due to the County by the 10<sup>th</sup> of each month for liability incurred the previous month. These payments are then forwarded to the Bureau by the end of that month.

The County is responsible for assessing, billing, collecting and distributing all bed taxes on behalf of the Bureau. The County also withholds a two percent fee for this service.

3. **CASH**

The Bureau maintains a cash checking account used for all general purposes. The Bureau's deposits are entirely insured by the Federal Depository Insurance Corporation.

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

Board of Directors  
A Division of the Ashland Area Chamber of Commerce  
Ashland Area Convention and Visitors Bureau  
10 West Second Street  
2<sup>nd</sup> Floor  
Ashland, OH 44805-2223

We have audited the financial statements of the Ashland Area Convention and Visitors Bureau (the Bureau), a division of the Ashland Area Chamber of Commerce, as of and for the years ended June 30, 2005 and June 30, 2004, and have issued our report thereon dated April 14, 2006. 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 operations that we consider to be material weaknesses.

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 grants 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*.

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

This report is intended solely for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

April 14, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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Columbus, Ohio 43216-1140

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**ASHLAND AREA CONVENTION AND VISITORS BUREAU**

**ASHLAND 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 27, 2006**