

**THE GREATER COLUMBUS CONVENTION &
VISITORS BUREAU
dba EXPERIENCE COLUMBUS
FINANCIAL REPORT
DECEMBER 31, 2006 AND 2005**



Mary Taylor, CPA

Auditor of State

Board of Trustees
The Greater Columbus Convention and Visitors Bureau
dba Experience Columbus
90 North High Street
Columbus, Ohio 43215

We have reviewed the *Independent Auditors' Report* of The Greater Columbus Convention and Visitors Bureau dba Experience Columbus, Franklin County, prepared by Hausser+Taylor LLC, for the audit period January 1, 2006 through December 31, 2006. 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 and Visitors Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 1, 2007

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

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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, 2006 and 2005, 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. 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, 2006 and 2005, 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 March 1, 2007, on our consideration of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus' internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, 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 audits.

Hausser + Taylor LLC

Columbus, Ohio
March 1, 2007

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2006 and 2005

| <u>ASSETS</u> | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents (Notes 2 and 3) | \$ 1,846,075 | \$ 1,521,604 |
| Cash, designated for property and equipment reserve (Note 2B) | 259,829 | 259,829 |
| Cash, designated for a relocation reserve (Note 2B) | 200,000 | 200,000 |
| Accounts receivable (Note 2) | 93,341 | 77,996 |
| Prepaid expenses and deposits | 109,545 | 134,947 |
| Total current assets | <u>2,508,790</u> | <u>2,194,376</u> |
| PROPERTY AND EQUIPMENT, NET (Notes 2 and 4) | <u>288,060</u> | <u>408,570</u> |
| TOTAL ASSETS | <u>\$ 2,796,850</u> | <u>\$ 2,602,946</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| LIABILITIES | | |
| Accounts payable | \$ 433,457 | \$ 269,798 |
| Accrued expenses | 284,609 | 261,521 |
| Deferred revenue | 1,089 | 9,172 |
| Retirement liability (Note 6) | 22,000 | 22,000 |
| Total current liabilities | <u>741,155</u> | <u>562,491</u> |
| RETIREMENT LIABILITY , net of current portion (Note 6) | <u>18,061</u> | <u>18,061</u> |
| Total liabilities | <u>759,216</u> | <u>580,552</u> |
| NET ASSETS | | |
| Unrestricted: | | |
| Property and equipment reserve (Note 2B) | 259,829 | 259,829 |
| Relocation reserve (Note 2B) | 200,000 | 200,000 |
| Undesignated | 1,577,805 | 1,562,565 |
| Total unrestricted | <u>2,037,634</u> | <u>2,022,394</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 2,796,850</u> | <u>\$ 2,602,946</u> |

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

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

STATEMENTS OF ACTIVITIES

December 31, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|---------------------------------------|---------------------|---------------------|
| REVENUES AND OTHER SUPPORT | | |
| Columbus bed tax | \$ 4,102,029 | \$ 3,844,911 |
| Promotional revenue, City of Columbus | 561,000 | 561,000 |
| Contributions | 491,354 | 484,377 |
| Program revenue | 567,575 | 567,948 |
| Promotional revenue, Franklin County | 900,000 | 750,000 |
| Contributed services | 131,869 | 166,539 |
| Publication revenue | 216,137 | 169,856 |
| Sports marketing | 535,000 | 525,000 |
| Interest | 90,455 | 42,581 |
| Other income | 7,969 | 3,194 |
| Total revenues and other support | <u>7,603,388</u> | <u>7,115,406</u> |
| EXPENSES | | |
| Convention marketing | 3,796,435 | 3,328,712 |
| Tourism marketing | 1,157,276 | 843,025 |
| Communication and public relations | 571,784 | 510,888 |
| Sports marketing | 290,235 | 249,916 |
| Management and general | 1,772,418 | 1,627,321 |
| Total expenses | <u>7,588,148</u> | <u>6,559,862</u> |
| CHANGE IN NET ASSETS | 15,240 | 555,544 |
| NET ASSETS - Beginning of year | <u>2,022,394</u> | <u>1,466,850</u> |
| NET ASSETS - End of year | <u>\$ 2,037,634</u> | <u>\$ 2,022,394</u> |

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

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

STATEMENTS OF CASH FLOWS

December 31, 2006 and 2005

| | <u>2006</u> | <u>2005</u> |
|--|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ <u>15,240</u> | \$ <u>555,544</u> |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 183,056 | 147,883 |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | (15,345) | 288,451 |
| Prepaid expenses and deposits | 25,402 | (13,246) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 163,659 | (369,843) |
| Accrued expenses | 23,088 | 14,489 |
| Deferred revenue | (8,083) | 1,317 |
| Total adjustments | <u>371,777</u> | <u>69,051</u> |
| Net cash provided by operating activities | <u>387,017</u> | <u>624,595</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | <u>(62,546)</u> | <u>(131,007)</u> |
| Net cash used in investing activities | <u>(62,546)</u> | <u>(131,007)</u> |
| INCREASE IN CASH AND CASH EQUIVALENTS | 324,471 | 493,588 |
| CASH AND CASH EQUIVALENTS- Beginning of year | <u>1,981,433</u> | <u>1,487,845</u> |
| CASH AND CASH EQUIVALENTS - End of year | <u>\$ 2,305,904</u> | <u>\$ 1,981,433</u> |

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

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Organization

The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus is the official destination marketing organization for Greater Columbus. The Greater Columbus Sports Commission operates within Experience Columbus and was organized to promote, attract and service amateur sporting events for Greater Columbus.

Note 2. Summary of Significant Accounting Policies

- A. 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 disclosures 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.
- B. Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to the following three classes:
- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

 Equipment Reserve – Represents the amount designated by the Organization’s Board to cover the replacement or repair of the Organization’s property and equipment.

 Relocation Reserve – Represents the amount designated by the Organization’s Board to offset possible expenses for moving the offices.
 - Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. As of December 31, 2006 and 2005, 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 Organization. As of December 31, 2006 and 2005, there were no permanently restricted net assets.
- C. Cash and Cash Equivalents – For purposes of the statements of cash flows, cash and cash equivalents represents cash on hand, demand deposits held by banks and short-term investments having an initial maturity of three months or less.

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

- D. Accounts Receivable – The Organization grants credit to its Members for participation in various functions. The Organization 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, 2006 and 2005. 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 Organization on past due accounts. No allowance has been recorded due to management’s belief that all accounts are collectible as of December 31, 2006 and 2005.
- E. 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 |
- F. Contributions – Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.
- G. Contributed Services and Materials – The Organization receives support from its members and the community 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.
- H. Promotion, Publication and Program Revenue – The Organization obtains promotional support from the City of Columbus and Franklin County, Ohio to promote Greater Columbus. The Organization also receives support from member and community attendance at programs and special events. The Organization also receives support to assist in reducing the costs of certain publications and the costs associated with attending trade shows and conventions.
- I. Federal Income Taxes – The Organization is exempt from federal taxes under Section 501(c)(6) of the Internal Revenue Code.
- J. Advertising Expense – The Company expenses advertising costs as incurred. Advertising expenses were \$983,363 and \$621,650 for 2006 and 2005, respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

K. Reclassifications – Certain reclassifications were made to prior year balances in order to conform to the current year presentation.

Note 3. Concentration of Credit Risk

The Organization maintains its cash in three accounts with one financial institution. The balances, at times, may exceed federally insured limits. Additionally, the Organization has two money market accounts that are not federally insured. At December 31, 2006 and 2005, the Organization exceeded the federally insured limit by approximately \$2,206,000 and \$1,882,000, respectively. The Organization continually monitors its balances to minimize the risk of loss.

Note 4. Property and Equipment

Property and equipment consisted of the following at December 31:

| | <u>2006</u> | <u>2005</u> |
|---|-------------|-------------|
| Office furniture and equipment | \$ 551,889 | \$ 545,920 |
| Computer equipment | 669,257 | 612,680 |
| Leasehold improvements | 525,983 | 525,983 |
| | 1,747,129 | 1,684,583 |
| Less: accumulated depreciation and amortization | (1,459,069) | (1,276,013) |
| Property and equipment - net | \$ 288,060 | \$ 408,570 |

Note 5. Line of Credit

The Organization had a \$350,000 line of credit with a bank. Interest was payable monthly at the prime rate. The agreement expired in June 2006 and the Organization did not renew.

Note 6. Retirement Liability

The Organization 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 Organization (payable monthly) of \$22,000. The Organization's liability was \$40,061 at December 31, 2006 and 2005.

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Contributed Services Income

Contributed services are as follows:

| | <u>2006</u> | <u>2005</u> |
|--|-------------------|-------------------|
| Convention marketing | | |
| Travel, lodging, meals and incidentals | \$ 38,915 | \$ 49,915 |
| Decorating fees | - | 31,370 |
| Production costs | 1,000 | 600 |
| Audio visual | 32,795 | 6,220 |
| Facility fee | 3,400 | 410 |
| | <u>76,110</u> | <u>88,515</u> |
| Tourism marketing | | |
| Visitors center - rent | 18,000 | 18,000 |
| Travel, lodging, meal and incidentals | - | 30,188 |
| | <u>18,000</u> | <u>48,188</u> |
| Sports marketing | | |
| Facility fees | 4,750 | - |
| Production costs | 2,650 | - |
| Decorating fees | 500 | - |
| Travel, lodging, meals and incidentals | 2,800 | - |
| Audio visual | 2,500 | - |
| | <u>13,200</u> | <u>-</u> |
| Communications and public relations | | |
| Facility fees | 4,981 | 2,650 |
| Decorating fees | - | 2,733 |
| Production costs | 575 | 4,418 |
| Event promotional supplies | 596 | - |
| Consulting | - | 2,400 |
| Travel, lodging, meals and incidentals | 7,007 | 6,235 |
| | <u>13,159</u> | <u>18,436</u> |
| Management and general | | |
| Van lease | 11,400 | 11,400 |
| | <u>11,400</u> | <u>11,400</u> |
| Total | <u>\$ 131,869</u> | <u>\$ 166,539</u> |

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Retirement Plan

The Organization 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 Organization contributes, on behalf of each eligible participant, a discretionary matching contribution equal to 75% of salary reductions up to 6% of compensation. The Organization also contributes 5% of each participating individual's compensation to the Plan. The Organization may make additional contributions to the Plan at the discretion of the Board of Trustees. Expense related to this plan was \$192,463 and \$166,444 in 2006 and 2005, respectively.

The Organization 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. Disability payments of \$720 and \$5,881 were paid in 2006 and 2005, respectively.

Note 9. Lease Commitments

The Organization also leases facilities under operating leases expiring through November 2007. The facilities leases contain an option to renew for two additional five-year periods. Rent expense was \$270,699 and \$267,094 in 2006 and 2005, respectively.

Future minimum annual lease payments are as follows:

| | Operating Leases |
|------|---------------------|
| 2007 | \$ <u>108,639</u> |

SUPPLEMENTARY INFORMATION



**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 Trustees
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
Columbus, Ohio

We have audited the financial statements of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus (Experience Columbus) as of and for the year ended December 31, 2006, and have issued our report thereon dated March 1, 2007. 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 Experience Columbus's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Experience Columbus' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Experience Columbus' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted other matters involving the internal control over financial reporting which we have reported to the management of Experience Columbus in a separate letter dated March 1, 2007.

COMPLIANCE

As part of obtaining reasonable assurance about whether Experience Columbus' 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Board of Trustees, 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.

Hausser + Taylor LLC

Columbus, Ohio
March 1, 2007



Mary Taylor, CPA
Auditor of State

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
MAY 15, 2007**