



**LORAIN COUNTY VISITORS BUREAU  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED MARCH 31, 2008**



**Mary Taylor, CPA**  
Auditor of State



**LORAIN COUNTY VISITOR'S BUREAU, INC.  
LORAIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Lorain County Visitor's Bureau, Inc.  
Lorain County  
5025 Leavitt Rd.  
Amherst, Ohio 44001

To the Board of Trustees:

We have audited the accompanying statement of financial position of the Lorain County Visitor's Bureau, Inc., (the Bureau) as of and for the years ended March 31, 2008 and March 31, 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Lorain County Visitor's Bureau, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audits provide a reasonable basis for our opinion.

In our opinion, the March 31, 2008 and March 31, 2007 financial statements referred to above present fairly, in all material respects, the financial position of the Lorain County Visitor's Bureau, Inc. as of March 31, 2008 and March 31, 2007, 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 June 16, 2008, on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 16, 2008

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LORAIN COUNTY VISITOR'S BUREAU, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 MARCH 31, 2008 AND 2007

	<u>3/31/08</u>	<u>3/31/07</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	67,986	\$17,768
Lodging excise tax receivable (Note C)	18,247	23,844
Other receivables	4,309	15,250
Inventory - promotional material (Note A)	<u>12,327</u>	<u>5,200</u>
TOTAL CURRENT ASSETS	102,869	62,062
PROPERTY AND EQUIPMENT (Note B)	1,472,711	1,467,526
Less accumulated depreciation	<u>(199,660)</u>	<u>(158,356)</u>
NET PROPERTY AND EQUIPMENT	1,273,051	1,309,170
OTHER ASSETS		
Cash restricted for payment of debt (Note I)	169,925	172,734
Bond issue costs (net of amortization)	<u>90,218</u>	<u>96,229</u>
TOTAL OTHER ASSETS	<u>260,143</u>	<u>268,963</u>
TOTAL ASSETS	<u><u>1,636,063</u></u>	<u><u>1,640,195</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable & accrued expenses	25,491	33,370
Line of credit (Note K)	0.00	
Current portion-bonds payable	<u>45,000</u>	<u>40,000</u>
TOTAL CURRENT LIABILITIES	70,491	73,370
BONDS PAYABLE (Note H)	<u>1,075,000</u>	<u>1,120,000</u>
TOTAL LIABILITIES	1,145,491	1,193,370
NET ASSETS - UNRESTRICTED	320,647	274,091
NET ASSETS - TEMPORARILY RESTRICTED	<u>169,925</u>	<u>172,734</u>
TOTAL NET ASSETS	490,572	446,825
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,636,063</u></u>	<u><u>\$1,640,195</u></u>

See accompanying notes to financial statements.

LORAIN COUNTY VISITOR'S BUREAU, INC.  
 STATEMENTS OF ACTIVITIES  
 YEARS ENDED MARCH 31, 2008 AND 2007

	12 MONTHS 3/31/08	12 MONTHS 3/31/07
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Lodging excise tax revenues (Note C)	418,477	\$404,669
Investment income (Note E)	9,306	4,831
Grants	1,821	25,000
Rental income	13,428	19,149
Advertising, sales & reimbursements	24,672	26,525
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TOTAL SUPPORT AND REVENUE	467,704	480,174
EXPENSES		
ADVERTISING AND PROMOTION		
Media advertising	17,916	20,145
Printing & publications	24,097	63,259
Travel and conventions	1,937	1,097
Promotion	12,362	8,333
Trade shows & events	5,020	5,045
Telephone, postage and supplies	5,889	11,893
	<hr/>	<hr/>
TOTAL ADVERTISING AND PROMOTION	67,221	109,772
SALARIES AND WAGES	139,328	146,436
COLLECTION EXPENSE	11,964	11,964
DEPRECIATION (Note B)	41,304	43,083
POSTAGE	2,739	4,140
SUPPLIES	2,547	1,811
PAYROLL TAXES	11,516	11,542
TELEPHONE	2,149	3,063
PROFESSIONAL FEES	8,805	6,568
TRAVEL	1,496	238
DUES AND SUBSCRIPTIONS	3,254	4,874
UTILITIES	9,960	10,346
INSURANCE	13,946	19,704
AUTOMOBILE EXPENSES	3,004	3,430
MAINTENANCE AND REPAIRS	19,763	18,363
CONVENTIONS, SEMINARS AND MEETINGS	1,291	469
TRUSTEE AND BOND FEES	8,679	2,875
AMORTIZATION OF BOND ISSUE COSTS	6,012	6,014
INTEREST	68,979	68,862
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TOTAL EXPENSES	423,957	473,554
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CHANGE IN NET ASSETS	43,747	6,620
NET ASSETS, BEGINNING OF YEAR	446,825	440,205
	<hr/>	<hr/>
NET ASSETS, END OF YEAR	490,572	446,825
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See accompanying notes to financial statements.



LORAIN COUNTY VISITOR'S BUREAU, INC.  
 STATEMENTS OF CASH FLOWS  
 YEARS ENDED MARCH 31, 2008 AND 2007

	12 MONTHS 3/31/08	12 MONTHS 3/31/07
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	43,747	\$6,620
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation & amortization	47,316	49,097
Changes in operating assets & liabilities:		
Decrease (increase) in receivables	16,537	(5,099)
Increase (decrease) in accounts payable	(7,880)	(3,905)
Increase (decrease) in a inventory	(7,127)	
<b>INCREASE (DECREASE) IN CASH FROM OPERATIONS</b>	<b>92,593</b>	<b>46,713</b>
INVESTING ACTIVITIES		
Change in restricted cash	2,810	191
Purchase of property & equipment	(5,185)	(7,218)
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,375)</b>	<b>(7,027)</b>
FINANCING ACTIVITIES		
Advances on line of credit		17,000
Repayments on line of credit		(20,882)
Repayment on bonds payable	(40,000)	(40,000)
<b>CASH USED IN FINANCING ACTIVITIES</b>	<b>(40,000)</b>	<b>(43,882)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>50,218</b>	<b>(4,196)</b>
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>17,768</b>	<b>21,964</b>
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<b>67,986</b>	<b>17,768</b>
INTEREST COSTS EXPENSED	68,979	68,862

See accompanying notes to financial statements.

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**LORAIN COUNTY VISITOR'S BUREAU, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2008 AND 2007**

A. NATURE OF ACTIVITIES AND SUMMARY  
OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF ACTIVITIES

Lorain County Visitor's Bureau, Inc. is an Ohio non-profit corporation exempt from federal income tax under Section 501 (c)(6) of the Internal Revenue Code. The corporation was formed to use funds generated in Lorain County from the Hotel Lodging Excise Tax enacted under Resolution 83-492 on April 29, 1982. The corporation's purpose is to promote travel and tourism in Lorain County.

The organization promotes travel and tourism in Lorain County by undertaking numerous activities throughout the year. It spends a substantial amount of its resources in media advertising promoting Lorain County, and in developing brochures promoting the activities and points of interest in the county. Each year, Lorain County Visitor's Bureau, Inc. publishes a Lorain County Visitor's Guide available to those who are interested in visiting Lorain County. The organization also works with other non-profit organizations and other area visitor's bureaus to further its efforts.

Lorain County Visitor's Bureau, Inc. contracts with the Board of Commissioners of Lorain County, Ohio. This contract provides that as long as the bed tax exists, and as long as Lorain County Visitor's Bureau, Inc. maintains its existence, it will be the recipient of the bed tax proceeds, after allocations to localities and the collection fee charged by the County Commissioners. The existence of the Lorain County Visitor's Bureau, Inc. does depend on the collection of the lodging excise tax and its contract with the Lorain County Commissioners.

2. BASIS OF ACCOUNTING

The financial statements for Lorain County Visitor's Bureau, Inc. for the years ended March 31, 2008 and 2007 were prepared on the accrual method of accounting.

3. DONATED SERVICES

Periodically, volunteers provide services to Lorain County Visitor's Bureau, Inc. The value of these services is not recorded in the financial statements since there is no objective method for assigning a monetary value to those services, and they are not considered material in relation to the overall financial operations of the corporation.

4. INVENTORY

Inventory consists of promotional materials such as brochures and guides. Inventory is carried at cost and is relieved on a first-in, first-out basis.

5. CLASSIFICATION

The costs of collecting the Lodging Excise Tax is reflected in the financial statements as "Collection Expense". This represents the cost incurred by the County of Lorain in collecting and distributing the tax.

6. 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.

**LORAIN COUNTY VISITOR'S BUREAU, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2008 AND 2007**

7. **PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost. Office furniture and fixtures are depreciated over a useful life of 7 years. Other equipment is depreciated over 10 years. The building is being depreciated over 40 years. Computer equipment is depreciated over 5-7 years, and automobiles are depreciated over 5 years. Expenses for repairs and maintenance that do not add to the useful life of assets or contribute to their betterment are expensed as repairs and maintenance in the period incurred. The organization capitalizes and depreciates all assets that exceed \$1,000 if they have a useful life that extends beyond one year.

8. **FINANCIAL STATEMENT PRESENTATION**

The organization follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the organization 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 organization is required to present a statement of cash flows. As permitted by this statement, the organization does not use fund accounting, and has, accordingly, classified its financial statements to present three of the classes of net assets, where required. At March 31, 2008 and 2007, the organization did not have any permanently restricted net assets.

9. **INCOME TAXES**

The organization 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. As such, the organization is exempt from certain federal, state and local income taxes.

**B. FIXED ASSETS AND DEPRECIATION**

Fixed assets are recorded at cost. The basis of the fixed assets are being depreciated over their estimated useful lives using the straight line method of depreciation. The costs and accumulated depreciation of fixed assets at March 31, 2008 and 2007 were as follows:

	2008	2007
Furniture and Equipment	118,079	114,228
Vehicles	19,289	19,288
Land	225,941	225,941
Building	1,109,402	1,108,069
Total	1,472,711	1,467,526
Less: Accumulated Depreciation	(199,660)	(158,356)
Net Fixed Assets	\$1,273,051	\$1,309,170

Depreciation expense for the years ended March 31, 2008 and 2007 was \$41,304 and \$43,083, respectively.

**LORAIN COUNTY VISITOR'S BUREAU, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2008 AND 2007**

C. RECEIVABLES AND LODGING EXCISE TAX COLLECTIONS

The operations of Lorain County Visitor's Bureau, Inc. are dependent upon the collection of the Lodging Excise Tax. The tax is collected and remitted monthly. Taxes collected in a given month are remitted to Lorain County Visitor's Bureau, Inc. approximately 60 days after the end of the month. The amount due to the corporation for the months ended March 31, 2008 and 2007 was \$18,247 and \$23,844, respectively.

D. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the organization considers all unrestricted, highly liquid investments with an initial maturity of 120 days or less to be cash equivalents.

E. INVESTMENTS AND INVESTMENT INCOME

The organization generated interest income in the amount of \$9,306 and \$4,831 for the years ended March 31, 2008 and 2007, respectively on its cash equivalents, including interest earned on project, reserve and sinking fund accounts related to the revenue bonds.

F. PROGRAM COSTS

During the March 31, 2008 year, the organization spent a majority of its costs on its program of promoting tourism in Lorain County. Some of its resources were allocated to administration and supportive services as follows:

	<u>2008</u>	<u>2007</u>
Program expenses	\$ 387,807	\$431,794
Supportive services	30,900	35,635
Fundraising expense	5,250	6,125
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TOTAL EXPENSE	<u>\$423,957</u>	<u>\$473,554</u>

G. CONCENTRATIONS AND CREDIT RISK

The organization is dependent upon the collection of the lodging excise tax for the majority of its revenues. In addition, 81% its accounts receivable as of March 31, 2008 represented amounts due for March from this lodging excise tax.

The organization maintains its cash and savings accounts and periodic short-term investments at local financial institutions. Periodically, balances at these institutions exceed federally insured limits of \$100,000.

H. BONDS PAYABLE

On March 20, 2003, Lorain County Visitor's Bureau, Inc. entered into a loan agreement with the Lorain County Port Authority agreeing to pay \$1,245,000 of taxable development revenue bonds. Proceeds from the note and issuance of bonds were used for the construction of the organization's new facility on Route 58 in Lorain County, Ohio. The note requires mandatory sinking fund requirements for the purpose of redeeming the bonds on a semi-annual basis beginning May 15, 2004.

**LORAIN COUNTY VISITOR'S BUREAU, INC.  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

H. BONDS PAYABLE (Continued)

The note bears interest at a rate of 5.75% per year and matures in November, 2023. Debt service payments into the sinking fund, including a fee to the Lorain County Port Authority and a trustee fee to National City Bank, began on November 1, 2003. Required deposits into the sinking fund over the next five years, including the Port fee and the trustee fee, are as follows:

Year Ending March 31	Amount
2009	\$ 111,542
2010	117,271
2011	115,865
2012	112,740
2013	111,542

Actual principal payments on the note for the purpose of redeeming the bonds through the Port Authority over the next five years are as follows:

Year Ending March 31	Amount
2009	45,000
2010	50,000
2011	50,000
2012	55,000
2013	60,000

The note is secured by the new facility and includes prepayment penalties.

The costs associated with the issuance of the bonds are capitalized as bond issue costs on the statement of financial position. These costs are being amortized over the life of the note.

I. RESTRICTED CASH

Bond sinking fund accounts, as required by the loan agreement between the Lorain County Port Authority and the Lorain County Visitor's Bureau, Inc., consisted of a principal account and an interest account. These accounts had \$43,846 in them as of March 31, 2008. Both of these accounts were invested in government money market funds.

The note also requires the establishment of a reserve fund. At March 31, 2008, \$126,079 was in a reserve fund and invested in money market funds and the amount was \$132,132 for March 31, 2007.

J. RELATED PARTY TRANSACTIONS

Lorain County Visitor's Bureau, Inc. is related to Lorain County Heritage, Inc. through common board membership. Lorain County Heritage, Inc. is a charitable organization exempt from taxes under Section 501 (c) (3) of the Internal Revenue Code. During the March 31, 2008 year, Lorain County Heritage, Inc. maintained its offices in facilities rented or owned by Lorain County Visitor's Bureau, Inc.

**LORAIN COUNTY VISITOR'S BUREAU, INC.  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008 AND 2007**

K. LINE-OF-CREDIT

The organization had available a revolving line-of-credit approved in the amount of \$75,000. The line-of-credit is secured by the real estate on Leavitt Road in Amherst, Ohio, and requires monthly payments of interest at an annual rate of 8.75% plus an adjustable index. There was no outstanding balance on the line at March 31, 2008.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Lorain County Visitor's Bureau, Inc.  
Lorain County  
5025 Leavitt Rd.  
Amherst, Ohio 44001

To the Board of Trustees:

We have audited the financial statements of the Lorain County Visitor's Bureau, Inc., (the Bureau) as of and for the years ended March 31, 2008 and March 31, 2007, and have issued our report thereon dated June 16, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Bureau's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Bureau's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Bureau's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Bureau's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

June 16, 2008

LORAIN COUNTY VISITOR'S BUREAU, INC.  
LORAIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
MARCH 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	The Visitor's Bureau made an illegal expenditure with public funds for the purchase of alcohol in the amount of \$374.	Yes	





**Mary Taylor, CPA**  
Auditor of State

**LORAIN COUNTY VISITOR'S BUREAU, INC.**

**LORAIN 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  
JULY 3, 2008**