MARION AREA CONVENTION & VISITORS BUREAU, INC.

MARION, OHIO

FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants

Mary Taylor, CPA
Auditor of State

Board of Trustees
Marion Area Convention & Visitors Bureau, Inc.
1713 Marion-Mt. Gilead Road, Suite 110
Marion, Ohio 43302

We have reviewed the *Independent Auditors' Report* of the Marion Area Convention & Visitors Bureau, Inc., Marion County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2006 through December 31, 2007. 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 Marion Area Convention & Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 4, 2008

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MARION AREA CONVENTION & VISITORS BUREAU, INC.

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Certified Public Accountants
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Independent Auditors' Report

Board of Trustees
Marion Area Convention & Visitors Bureau, Inc.
Marion, Ohio

We have audited the accompanying statements of financial position of the Marion Area Convention & Visitors Bureau, Inc. (the CVB) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the CVB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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*. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As explained in Note 1 to the financial statements, property and equipment have not been capitalized and depreciated in the financial statements. In our opinion, accounting principles generally accepted in the United States of America require that property and equipment be capitalized and depreciated over their estimated useful lives. It is not practicable to determine the effects of the unrecorded amounts on the financial statements.

In our opinion, except for the effects of not capitalizing and depreciating property and equipment as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the CVB as of December 31, 2007 and 2006, 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 3, 2008 on our consideration of the CVB's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. 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 read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

June 3, 2008

Marion Area Convention & Visitors Bureau, Inc.
Statements of Financial Position
December 31, 2007 and 2006

Assets

	2007	2006
Current assets:		
Cash	$ 100,772	110,747
Investments	26,372	10,709
Lodging tax receivable	36,308	34,451
	$ 163,452	155,907

Liabilities and Net Assets

	2007	2006
Current liabilities:		
Deferred revenue	$ 18,520	18,440
Accrued expenses	2,464	1,745
Accounts payable	-	664
Total current liabilities	20,984	20,849
Net assets:		
Unrestricted:		
Designated for reserve	40,000	40,000
Undesignated	102,468	95,058
Total net assets	142,468	135,058
	$ 163,452	155,907

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

Marion Area Convention & Visitors Bureau, Inc.
Statements of Activities
For the Years Ended December 31, 2007 and 2006

	2007	2006
Revenues:		
Excise tax on lodging	$ 156,940	151,089
Visitor guides	20,415	18,426
Annual dinner	5,349	4,880
Interest	4,283	2,721
Other	221	211
Total revenues	187,208	177,327
Expenses:		
Personnel	85,044	74,435
Advertising and marketing	24,432	21,884
Occupancy	22,209	22,042
Visitor guides	17,003	15,473
Office	6,152	6,218
Annual dinner	5,706	4,512
Equipment	3,607	2,884
Telephone	3,029	4,180
Dues and subscriptions	2,999	2,148
Travel	1,791	1,775
Insurance	1,699	1,647
Professional	2,787	7,106
Other	3,340	1,747
Total expenses	179,798	166,051
Excess of revenues over expenses	7,410	11,276
Unrestricted net assets at beginning of year	135,058	123,782
Unrestricted net assets at end of year	$ 142,468	135,058

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

Marion Area Convention & Visitors Bureau, Inc.
Statements of Cash Flows
For Years Ended December 31, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Change in net assets	$ 7,410	11,276
Adjustments to reconcile change in net assets to net cash used by operating activities:		
(Increase) in accounts receivable	(1,856)	(2,589)
Increase (decrease) in accounts payable and other accrued expenses	54	(4,443)
Increase in deferred revenue	80	2,377
Net cash provided by operating activities	5,688	6,621
Cash flows from and net cash used by investing activities:		
Purchase of marketable securities	(15,663)	(387)
Net cash used by investing activities	(15,663)	(387)
Increase (decrease) in cash and cash equivalents	(9,975)	6,234
Cash and cash equivalents – beginning of year	110,747	104,513
Cash and cash equivalents – end of year	$ 100,772	110,747

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

Marion Area Convention & Visitors Bureau, Inc.
Notes to the Financial Statements
December 31, 2007 and 2006

(1) Summary of Significant Accounting Policies

Nature of Activities

The Marion Area Convention and Visitors Bureau (the CVB) is a not-for-profit organization which promotes travel and tourism in Marion County, Ohio. The organization is funded by an excise tax on lodging of transient guests within Marion County.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America, with the exception of property and equipment. As such, the excise tax on lodging is recognized in the period the tax is collected by the County Commissioners. Expenditures are recognized as incurred.

The CVB has chosen to depart from accounting principles generally accepted in the United States of America in recording property and equipment. Property and equipment is charged to expense in the period purchased instead of being capitalized as an asset and depreciated over its useful life. As a result, the statement of activities includes the cost of equipment rather than a provision for depreciation.

The equipment acquired is owned by the CVB while used in the program for which it was purchased or in other future authorized programs. However, the Marion County Commissioners have a reversionary interest in the equipment. Its disposition, as well as the ownership of any proceeds there from, is subject to the terms of the CVB's agreement with the Marion County Commissioners.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and overnight investment in a federated investment account.

Income Taxes

The CVB is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The CVB has unrelated business income from advertising and souvenir sales. No provision has been made for income tax as the CVB anticipates the associated expenses will exceed the revenue.

Advertising

The CVB expenses the production cost of advertising at the time payment is made which occurs in the same year as publication of the visitor guides.

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.

(1) Summary of Significant Accounting Policies, continued

Reclassifications

Certain 2006 amounts have been reclassified to conform to the 2007 presentation.

(2) Concentrations of Credit Risk

The CVB operates pursuant to a five-year agreement with the Marion County Commissioners to expire December 31, 2009. Under terms of the agreement, the CVB receives support from the collection of a 3% excise tax on transient lodging by each hotel and motel within Marion County. The County Commissioners remit this tax to the CVB on a quarterly basis, net of a 5% collection and administrative fee. The excise tax on transient lodging is the CVB's primary source of revenue.

During 2007, the State of Ohio passed legislation permitting an increase in the excise tax to 4%. Before the additional tax can be collected the increase must be approved by the Marion County Commissioners. This approval had not been secured as of June 3, 2008. The 5% collection and administrative fee was reduced to 1% by the Commissioners during 2008.

In addition, the CVB maintains checking, money market and certificate of deposit accounts at local financial institutions. The accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $100,000. The CVB had uninsured cash balances totaling $1,740 and $13,252 at December 31, 2007 and 2006, respectively.

(3) Investments

Investments consist of certificates of deposit bearing interest at rates of approximately 5% and mature through September 2008.

(4) Lodging Tax Overpayment

A hotel in the Marion area had overpaid its lodging tax liability between April 2001 and June 2004 for a total of $7,971. In February 2005, the Marion County Commissioners enacted a resolution whereby the CVB would repay this money to the hotel in equal installments over a twenty-four month period via deductions from future monthly lodging tax payments submitted by the hotel beginning in March 2005. The liability for the overpayment is reflected in the financial statements in accounts payable. The outstanding balance at December 31, 2006 was $664. The liability was paid in full in February 2007.

(5) Deferred Revenue

Deferred revenue represents advertising revenue collected by the CVB for the subsequent years' Visitors Guide.

Marion Area Convention & Visitors Bureau, Inc.
Notes to the Financial Statements, continued
December 31, 2007 and 2006

(6) Net Assets

The Board of Trustees has designated $40,000 of unrestricted net assets as reserves for unexpected expenditures.

(7) Leases

The CVB leases office space in Marion, Ohio pursuant to an operating lease agreement that expires in June 2010. The lease requires monthly payments of $1,625 for the remaining years. Rent expense totaled $19,500 for 2007 and 2006.

In addition, the CVB leases certain office equipment pursuant to operating lease agreements which expires through October 2009. Terms of the leases require monthly payments of $179.

(8) Pension Plan

In 2005, the CVB adopted a Savings Incentive Match Plan for Employees (SIMPLE) IRA for the benefit of its employees. All employees are eligible to participate and may elect to contribute up to the extent allowable by law. The CVB may make matching contributions to the plan up to 3% of each employee's annual wages. Pension expense was $2,030 and $1,971 for 2007 and 2006, respectively.

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Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

Board of Trustees
The Marion Area Convention & Visitors Bureau, Inc.

We have audited the financial statements of The Marion Area Convention and Visitors Bureau, Inc. (the CVB) (a nonprofit organization) as of and for the years ended December 31, 2007 and 2006 and have issued our report thereon dated June 3, 2008. In our report, our opinion was qualified because property and equipment were not capitalized and depreciated. 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 CVB'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 the CVB's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the CVB'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 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 organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization'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 organization's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

In a separate letter to the CVB's management dated June 3, 2008, we reported other matters involving internal controls over financial reporting we did not deem to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CVB'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 the board of trustees, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

Delaware, Ohio
June 3, 2008

MARION AREA CONVENTION AND VISITORS BUREAU, INC.

MARION 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
SEPTEMBER 16, 2008

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