

**NORTHERN CINCINNATI CONVENTION AND
VISITORS BUREAU**

December 31, 2007

*FINANCIAL STATEMENT AND INDEPENDENT AUDITORS'
REPORT INCLUDING SUPPLEMENTAL INFORMATION*



Mary Taylor, CPA
Auditor of State

Board of Trustees
Northern Cincinnati Convention and Visitors Bureau
11641 Chester Road
Suite B
Cincinnati, Ohio 45246

We have reviewed the *Independent Auditors' Report* of the Northern Cincinnati Convention and Visitors Bureau, Hamilton County, prepared by VonLehman and Company, Inc., for the audit period January 1, 2007 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 Northern Cincinnati Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 4, 2008

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**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Northern Cincinnati Convention and Visitors Bureau
Sharonville, Ohio

We have audited the accompanying statement of cash receipts, cash disbursements and change in cash balances of the Northern Cincinnati Convention and Visitors Bureau, Hamilton County, Ohio (a not-for-profit corporation) (the Organization), as of and for the year ended December 31, 2007. This financial statement is the responsibility of the Organization's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 statement is 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.

As described more fully in Note 1, the Organization has prepared this financial statement on the cash receipts, cash disbursements basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts, cash disbursements and cash balances arising from the cash transactions of the Organization, as of December 31, 2007 and for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2008 on our consideration of the Organization'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. 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 conjunction with this report in considering the results of our audit.

VonLehman & Company Inc.

Cincinnati, Ohio
November 6, 2008

**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGE IN CASH BALANCES**

	Year Ended December 31, 2007
	2007
Cash Receipts	
Greater Cincinnati Convention and Visitors Bureau Grant	\$ 250,000
Hamilton County Hotel Tax Grant	250,000
Other Hamilton County Hotel Tax Grant	98,066
Ohio Department of Travel and Tourism - Affiliate Marketing Program Grant	4,841
Miscellaneous Income	11,358
Interest Income	201
	614,466
Cash Disbursements	
Salaries and Wages	235,060
Payroll Taxes	19,443
Sales and Marketing	212,553
Greater Cincinnati Sports Corporation Contribution	73,160
Professional Fees	35,586
Utilities	14,641
Travel and Entertainment	11,107
Office Expense	7,088
Car Allowance	6,900
Membership	2,957
Supplies	10,420
Meetings and Outings	1,174
Computer Expense	3,724
Recruitment	2,607
	636,420
Total Cash Disbursements	636,420
Total Cash Receipts Less Cash Disbursements	(21,954)
Beginning Cash Balance, January 1	71,950
Ending Cash Balance, December 31	\$ 49,996

See accompanying notes.

**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - ACCOUNTING POLICIES

The Northern Cincinnati Convention and Visitors Bureau (the Organization) is a not-for-profit corporation formed under the laws of the State of Ohio. It operates in Sharonville, Ohio and is supported primarily through grants from the Greater Cincinnati Convention and Visitors Bureau and the Hamilton County hotel tax. The purpose of the Organization is to promote and publicize the northern Cincinnati suburbs for tourism, meetings and conventions.

A summary of the significant accounting policies applied in the accompanying financial statements follows:

Basis of Accounting

The Organization's policy is to prepare its financial statement on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Cash receipts are recognized when received rather than when earned, and cash disbursements are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying financial statement is not intended to present the Organization's financial position and results of operations in conformity with U.S. generally accepted accounting principles.

Credit Risk

During the year ended December 31, 2007, the Organization's funds were in an interest bearing checking account. The Organization has funds in a financial institution which, at times, were in excess of the 2007 federally insured limit of \$100,000, thereby exposing those excess funds to potential loss. At December 31, 2007, the Organization had no funds in excess of insured limits.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code.

Functional Expenditures

The costs of providing various programs and other activities have been summarized on a natural basis in the statement of cash receipts, cash disbursements and change in cash balances. All of the Organization's expenditures relate to program services.

NOTE 1 - ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with Statement of Financial Accounting Standards No. 117 (SFAS 117). The Organization reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The following class of net assets is maintained:

Unrestricted Net Assets

Unrestricted net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations. Unrestricted net assets were \$49,996 and \$71,950 at December 31, 2007 and 2006, respectively.

There were no temporarily or permanently restricted net assets at December 31, 2007 or 2006.

NOTE 2 - CASH RECEIPTS

The Organization's primary source of cash receipts is from the Greater Cincinnati Convention and Visitors Bureau and Hamilton County under a funding agreement adopted September 3, 2003. The original funding agreement ended on December 31, 2004, but has been extended through December 31, 2008.

The Organization also received \$4,841 from the Ohio Department of Travel and Tourism - Affiliate Marketing Program. These dollars are the result of a reimbursement from the State of Ohio based on a calculation of the marketing and sales expenses tracked by the Organization.

NOTE 3 - OPERATING LEASE

The Organization leases office space located at 11641 Chester Road in Sharonville, Ohio from the City of Sharonville for \$1 per year. In addition, the Organization is required to pay the related utility expenses based on a square footage calculation. The lease term began December 1, 2003 and shall be renewed for one year periods thereafter unless terminated by either party.

NOTE 4 - RETIREMENT PLAN

The Organization has a Simple IRA retirement plan with Ameriprise Financial. The Organization matches 3% of employee deferrals. The Organization's share of the contribution to the plan was \$4,010 for the year ended December 31, 2007.

NOTE 5 - COMMITMENTS

The Organization entered into a three-year operational funding agreement with the Greater Cincinnati Sports Corporation (GCSC), the Greater Cincinnati Convention and Visitors Bureau and the Northern Kentucky Convention and Visitors Bureau on January 1, 2006.

During 2007, the Organization contributed \$73,160 to the GCSC, which includes a partial payment for 2008's contribution. The Organization's minimum payment liability will be \$60,000 for 2008.

The Organization's funding obligations for GCSC will be revisited each year and will be adjusted based on the approximate total hotel room nights generated by GCSC for each area represented.

SUPPLEMENTAL 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
Northern Cincinnati Convention and Visitors Bureau
Sharonville, Ohio

We have audited the financial statement of the Northern Cincinnati Convention and Visitors Bureau as of and for the year ended December 31, 2007, and have issued our report thereon dated November 6, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Northern Cincinnati Convention and Visitors Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 U.S. 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.

We consider the deficiencies presented in the schedule of findings (finding numbers 2007-001, 2007-002 and 2007-003) to be significant deficiencies in 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.

We consider the weaknesses presented in the schedule of findings (finding numbers 2007-004 and 2007-005) to be material weaknesses in 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 or material weaknesses.

To the Board of Trustees
Northern Cincinnati Convention and Visitors Bureau
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.

We consider the compliance and other matters presented in the schedule of findings (finding numbers 2007-006, 2007-007, 2007-008 and 2007-009) to be items of noncompliance which could have a direct and material impact to the Organization.

This report is intended solely for the information and use of management, the audit committee, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

VonLehman & Company Inc.

Cincinnati, Ohio
November 6, 2008

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

SCHEDULE OF FINDINGS AND RESPONSES

DECEMBER 31, 2007

FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Internal Control Over Financial Reporting

Finding Number	2007-001
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Significant Deficiency

Follow Policy Requiring Two Board Member Signatures on Checks Over \$3,000 - The Board has implemented a policy requiring two Board member signatures on checks over \$3,000. The Executive Director may only sign checks below \$3,000. Through our testing of internal control, we noted several instances where the required two board member signatures were not on checks over \$3,000.

Northern Cincinnati Convention and Visitors Bureau response: The Organization acknowledges that the Executive Director was not 100% compliant. The Executive Director will discuss with the Board having the Treasurer of the Organization sign checks as required, and put other appropriate controls in place as needed.

Finding Number	2007-002
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Significant Deficiency

Board Should Set Employee Compensation - Per the by-laws of the Organization, the Board of Directors is to set all compensation for employees. Through inquiry, it was determined that compensation of employees is set by the Executive Director, not the Board, which is not in accordance with the by-laws of the Organization. Board approved salary information should be maintained in each personnel file.

Northern Cincinnati Convention and Visitors Bureau response: It has been the understanding of the Board and the Executive Director that the Executive Director was able to set and review compensation of the employees. After reviewing the Code of Regulations, the Board and Executive Director will review what the intention is and clarify responsibilities.

Finding Number	2007-003
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Significant Deficiency

Perform Required Hiring Procedures - The Organization's hiring practices do not include performing background checks or obtaining I-9 forms, both of which should be done for all new employees.

Northern Cincinnati Convention and Visitors Bureau response: As noted, the Organization did not have the appropriate I-9 documentation on its employees. This practice has been corrected.

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007
(Continued)

FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Internal Control Over Financial Reporting

Finding Number	2007-004
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Material Weakness

Address Lack of Segregation of Duties - Through the audit of the Organization's internal control, we noted that the Executive Director has complete control over cash disbursements and payroll, from authorizing expenditures through check writing. In addition, the Executive Director has complete control over cash receipts, from receiving funds through reconciling the bank statements. We recommend that procedures be put in place to have another person review the details of cash and payroll transactions on a regular basis, receive the bank statement unopened from the bank and perform the bank reconciliation monthly.

Northern Cincinnati Convention and Visitors Bureau response: This will be discussed at the December 2, 2008 Board meeting to institute better control procedures.

Finding Number	2007-005
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Material Weakness

Record Certain Journal Entries Prior to Year End - The Organization incurred certain material transactions for which it did not record the entire effect of the transaction during the year, and required adjustment during the audit. We made entries regarding fixed assets and cash. According to U.S. generally accepted auditing standards, all material transactions must be recorded by the entity as they become known, not simply in connection with the financial statement audit.

Northern Cincinnati Convention and Visitors Bureau response: The Organization will verify with the Board and the Organization's outside accounting firm that all accounting entries are made before year end close.

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007
(Continued)

FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Compliance and Other Matters

Finding Number	2007-006
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Compliance

Obtain General and Professional Liability Insurance - The "Agreement for the Use of County Residual Transient Occupancy Funds Between the Board of County Commissioners of Hamilton County, Ohio and Northern Cincinnati Convention and Visitors Bureau" requires the Organization to maintain professional liability and general liability insurance coverages as are reasonably necessary to cover any liability arising out of the acts or omissions of the Organization and its employees. As of December 31, 2007, the Organization did not have professional liability nor general liability insurance coverages.

Northern Cincinnati Convention and Visitors Bureau response: The Organization is in the process of securing general liability coverage.

Finding Number	2007-007
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Other

Make Simple IRA Retirement Plan Contributions in Accordance With the Plan - The Organization maintains a Simple IRA retirement plan for its employees. Employees may contribute a portion of their salary and the Organization contributes up to 3% of salary in matching funds. Through review of the funds received by the third party administrator and the funds to be contributed per the payroll documentation, we noted that less was contributed by the Organization than was withheld from employees and required to be matched by the Organization.

Northern Cincinnati Convention and Visitors Bureau response: The problem arose when pay rates changed. The Organization is working with its payroll service provider to address this issue.

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007
(Continued)**

FINDINGS AND RESPONSES RELATED TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Compliance and Other Matters

Finding Number	2007-008
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Other

Institute Back-Up and Contingency Plans - The Organization currently does not perform routine back-ups and does not have a contingency plan in place.

Northern Cincinnati Convention and Visitors Bureau response: The Organization has purchased a server, and has instituted offsite back-up procedures of its files and any other electronic information. This was completed in the first quarter of 2008.

Finding Number	2007-009
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Other

Obtain Fidelity Bonds - The Organization does not maintain fidelity bonds on key personnel. The Organization should consider obtaining bonds of at least \$500,000 for key personnel to protect the Organization against a misappropriation of assets.

Northern Cincinnati Convention and Visitors Bureau response: This deficiency will be discussed with the Board of Directors at the December 2, 2008 Board meeting.

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

No findings in prior year audit.



Mary Taylor, CPA
Auditor of State

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

HAMILTON 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
DECEMBER 16, 2008**