

**WARREN COUNTY CONVENTION
AND VISITORS BUREAU**

Financial Statements

December 31, 2007 and 2006

With

Independent Auditors' Report



Mary Taylor, CPA

Auditor of State

Board of Trustees
Warren County Convention and Visitors Bureau
313 E. Warren Street
Lebanon, Ohio 45036

We have reviewed the *Independent Auditors' Report* of the Warren County Convention and Visitors Bureau, Warren County, prepared by Clark, Schaefer, Hackett & 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 Warren County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 23, 2008

This Page is Intentionally Left Blank.

WARREN COUNTY CONVENTION AND VISITORS BUREAU

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 8
Accompanying 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 <i>Government Auditing Standards</i>	9 - 10

This Page is Intentionally Left Blank.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Warren County Convention and Visitors Bureau:

We have audited the accompanying statements of financial position of Warren County Convention and Visitors Bureau 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 Bureau'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 Comptroller General of the United States of America. 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 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 Warren County Convention and Visitors Bureau 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 4, 2008 on our consideration of the Warren County Convention and Visitors Bureau's internal control over financial reporting and on 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 assessing the results of our audits.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 4, 2008

WARREN COUNTY CONVENTION AND VISITORS BUREAU

Statements of Financial Position

December 31, 2007 and 2006

Assets

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 331,708	169,216
Lodgers' tax receivable	218,259	180,893
Accounts receivable	15,928	2,991
Grant receivable	-	11,250
Other receivable	1,303	-
Prepaid expenses	6,968	7,611
Investments	140,676	163,185
	<u>714,842</u>	<u>535,146</u>
Furniture and equipment	59,016	51,739
Less accumulated depreciation	42,571	39,324
	<u>16,445</u>	<u>12,415</u>
Total Assets	\$ <u>731,287</u>	<u>547,561</u>

Liabilities and Net Assets

Accounts payable	\$ 36,057	9,078
Accrued payroll and related withholdings	26,032	14,965
Accrued liabilities	20,696	-
Grants payable	53,374	33,767
Deferred revenue	-	43,315
	<u>136,159</u>	<u>101,125</u>
Unrestricted net assets	<u>595,128</u>	<u>446,436</u>
Total Liabilities and Net Assets	\$ <u>731,287</u>	<u>547,561</u>

See accompanying notes to financial statements.

WARREN COUNTY CONVENTION AND VISITORS BUREAU

Statements of Activities

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Lodgers' tax	\$ 1,689,841	1,247,666
Grant and sponsorships	43,315	1,735
Investment return	9,349	9,063
Advertising income	56,573	51,213
Special events income	50,000	50,000
Sporting events income	34,189	-
Other income	10,137	6,728
	<u>1,893,404</u>	<u>1,366,405</u>
Total revenues		
Expenses:		
Sales and public relations	254,159	203,784
Advertising	424,330	335,767
Administration and operations	137,117	120,546
Personnel	554,322	479,091
Research and development	69,758	8,685
Sporting events	68,544	-
Grants	228,375	204,847
Depreciation	7,979	8,537
Loss on disposal of furniture and equipment	128	-
	<u>1,744,712</u>	<u>1,361,257</u>
Total expenses		
Change in net assets	148,692	5,148
Net assets at beginning of year	<u>446,436</u>	<u>441,288</u>
Net assets at end of year	<u>\$ 595,128</u>	<u>446,436</u>

See accompanying notes to financial statements.

WARREN COUNTY CONVENTION AND VISITORS BUREAU

Statements of Cash Flow

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash provided by operating activities:		
Change in net assets	\$ 148,692	5,148
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,979	8,537
Loss on disposal of furniture and equipment	128	-
Effects of change in operating assets and liabilities:		
Receivables	(40,356)	(30,812)
Prepaid expenses	643	(3,111)
Accounts payable	26,979	(5,357)
Accrued payroll and related amounts withheld	11,067	(1,778)
Accrued liabilities	20,696	-
Deferred revenue	(43,315)	43,315
Grants payable	<u>19,607</u>	<u>3,917</u>
Net cash provided by operating activities	<u>152,120</u>	<u>19,859</u>
Cash used in investing activities:		
Purchase of property and equipment	(12,137)	(3,790)
Change in investments	<u>22,509</u>	<u>(7,724)</u>
Net cash used in investing activities	<u>10,372</u>	<u>(11,514)</u>
Net increase in cash and cash equivalents	162,492	8,345
Cash and cash equivalents at beginning of year	<u>169,216</u>	<u>160,871</u>
Cash and cash equivalents at end of year	\$ <u><u>331,708</u></u>	<u><u>169,216</u></u>

See accompanying notes to financial statements.

WARREN COUNTY CONVENTION AND VISITORS BUREAU

Notes to Financial Statements

1. Summary of Accounting Policies:

Warren County Convention and Visitors Bureau (the Bureau) is a nongovernmental not-for-profit organization, incorporated in the State of Ohio. The Bureau promotes tourism and provides education on current events and heritage of Warren County, Ohio. The Bureau receives substantially all its revenue from the lodgers' tax which is allocated by Warren County, Ohio.

The following is a summary of significant accounting policies consistently applied in the preparation of the financial statements.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less when purchased. The Bureau maintains its cash balances in demand deposit accounts, certificates of deposit and money market funds, with commercial banks in Ohio.

Investments

Investments at December 31, 2007 and 2006 are comprised of bank certificates of deposit.

Accounts receivable

The Bureau considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts receivable is required. If receivables become uncollectible, they will be charged to operations when that determination is made.

Property and equipment

Property and equipment is recorded at cost and depreciated using the straight-line method based upon the estimated useful lives of the assets. The estimated useful lives are:

Equipment	5 years
Furniture	7 years
Computer equipment	3 - 5 years

Depreciation expense was \$7,979 and \$8,537 in 2007 and 2006, respectively.

Temporarily restricted net assets

The Bureau reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Bureau does not currently have temporarily restricted net assets.

The Bureau reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Bureau reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Permanently restricted net assets

Net assets that are subject to donor-imposed stipulations that require the assets to be maintained permanently by the Bureau. Generally, the donors of these assets permit the Bureau to use all or part of the income earned on related investments for general or specific purposes. The Bureau does not currently have permanently restricted net assets.

Use of estimates in financial statements

In preparing financial statements in conformity with generally accepted accounting principles, management makes 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, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Investments:

Investments consist of the following at December 31, 2007 and 2006:

<u>2007</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>		<u>Carrying Value</u>
Certificate of deposit	12 months	October 1, 2008	4.87	\$	46,803
Certificate of deposit	7 months	April 6, 2008	4.88		93,873
				\$	<u>140,676</u>
<u>2006</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>		<u>Carrying Value</u>
Certificate of deposit	60 months	January 30, 2007	4.88	\$	101,651
Certificate of deposit	60 months	January 30, 2007	4.88		44,504
Certificate of deposit	13 months	January 20, 2007	4.59		17,030
				\$	<u>163,185</u>

3. Revenues:

The Bureau receives revenues generated from a 3% excise tax on hotel rooms in Warren County, Ohio. These revenues are authorized under regulations approved by the Warren County Board of Commissioners under legislation approved by the Ohio legislature. The Bureau is economically dependent on the lodgers' tax. Advertising, sponsorship, and other fees are recognized as earned.

4. Concentration of Credit Risk:

Financial instruments which subject the Bureau to a concentration of credit risk consist of cash. At times, cash balances may be in excess of the insurance coverage provided by the Federal Deposit Insurance Corporation.

5. Operating Leases:

The Bureau has operating leases for office space and office equipment which expire at various dates through 2012. The future minimum rental commitments as of December 31, 2007 for the noncancelable leases are as follows:

2008	17,450
2009	17,450
2010	15,768
2011	13,412
2012	<u>13,412</u>
	\$ <u>77,492</u>

Total rental expense was \$14,530 and \$13,412 in 2007 and 2006, respectively.

6. Functional Expenses:

The Bureau promotes the Warren County area economy through its sales and marketing efforts. Expenses related to providing these program services and supporting functions for the year ended December 31 are as follows:

	<u>2007</u>	<u>2006</u>
Program services	\$ 1,599,476	1,232,174
General and administrative	<u>145,235</u>	<u>129,083</u>
	\$ <u>1,744,711</u>	<u>1,361,257</u>

7. Income Tax Status:

The Internal Revenue Service has ruled that the Bureau qualified under Section 501(c)(6) of the Internal Revenue Code (IRC) and has exempt status under present federal income tax law. However, the Bureau is subject to federal income tax on any unrelated business taxable income. Once qualified, the Bureau is required to operate in conformity with the IRC to maintain its qualification. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Bureau's exempt status.

8. Retirement Plan:

In 2007, the Bureau adopted a qualified retirement plan commonly referred to as a 401(k) Plan which covers employees who are 21 years of age and older and have completed one year of service. Employees can contribute a portion of their annual compensation to the plan up to limits set by law. In addition, the plan allows for a discretionary employer matching contributions. Employer contributions for 2007 were \$11,680.

9. Commitments:

The Bureau entered into a conditional agreement with Tennis for Charity to help finance the purchase and maintenance of certain property important to the attraction of visitors to Warren County, Ohio. Contributions by the Bureau under this agreement are funded by an additional one percent Warren County hotel-motel tax and specific allocations from Warren County, Ohio. Annual conditional grants are committed through 2021 as follows:

	Amount Payable In Each Year	Amount Payable for the Period
2008-2012	\$ 225,000	\$ 1,125,000
2013-2017	250,000	1,250,000
2018-2021	100,000	<u>400,000</u>
		<u>\$ 2,775,000</u>

10. Subsequent event:

In April 2008, the Bureau has decided to relocate its administrative offices. The Bureau has a lease through 2012 with Warren County for its current offices. The Board has met with the Warren County Commissioners to discuss options for terminating the lease with a potential liability under negotiation.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**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***

The Board of Trustees
Warren County Convention and Visitors Bureau:

We have audited the financial statements of Warren County Convention & Visitors Bureau (Bureau) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 4, 2008. 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 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 Bureau's internal control over financial reporting. Accordingly, we do not express an opinion 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 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 generally accepted accounting principles 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.

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*.

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 4, 2008



Mary Taylor, CPA
Auditor of State

WARREN COUNTY CONVENTION AND VISITORS BUREAU

WARREN 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**