

**GROVE CITY AREA VISITORS
AND CONVENTION BUREAU**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011



Dave Yost • Auditor of State

Board of Trustees
Grove City Area Visitors and Convention Bureau
3378 Park Street
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Grove City Area Visitors and Convention Bureau, Franklin County, prepared by Dale Saylor and Associates, for the audit period January 1, 2011 through December 31, 2011. 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 Grove City Area Visitors and Convention Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 10, 2012

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GROVE CITY AREA VISITORS AND CONVENTION BUREAU

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Grove City Area Visitors and Convention Bureau
Grove City, Ohio


We have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Grove City Area Visitors and Convention Bureau (the Bureau) as of December 31, 2011, and the related statements of revenues, expenses and changes in net assets – modified cash basis, and cash flows – modified cash basis for the year 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 audit.

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. 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 audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Bureau as of December 31, 2011, and its revenues, expenses and changes in net assets and its cash flows 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 June 27, 2012, on our consideration of the 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 audit.



Dublin, Ohio
June 27, 2012

**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2011**

ASSETS

CURRENT ASSETS	
Cash	\$ <u>190,995</u>
TOTAL CURRENT ASSETS	190,995
 PROPERTY AND EQUIPMENT	
Property and equipment	30,708
Leasehold improvements	<u>7,095</u>
TOTAL PROPERTY AND EQUIPMENT	37,803
Accumulated depreciation	<u>(29,348)</u>
NET PROPERTY AND EQUIPMENT	<u>8,455</u>
 TOTAL ASSETS	
	 \$ <u>199,450</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accrued workers' compensation	\$ <u>90</u>
TOTAL CURRENT LIABILITIES	<u>90</u>
TOTAL LIABILITIES	90
 NET ASSETS	
Unrestricted	199,360
TOTAL NET ASSETS	<u>199,360</u>
 TOTAL LIABILITIES AND NET ASSETS	
	 \$ <u>199,450</u>

See accompanying notes to financial statements.

**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

UNRESTRICTED NET ASSETS

REVENUES

Bed tax	\$ 221,259
Interest income	47
Rent income	<u>600</u>
TOTAL REVENUES	221,906

EXPENSES

Advertising, promotion and marketing	91,647
Professional fees	4,195
Travel and meetings	3,082
Bank service charges	4
Internet service and website	3,564
Office supplies	5,736
Wages	64,488
Payroll taxes	5,556
Payroll service	1,289
Postage and delivery	4,528
Rent	600
Grant	7,500
Repairs and maintenance	2,668
Depreciation	3,811
Telephone	1,711
Dues and subscriptions	2,131
Insurance	1,570
Public display	<u>727</u>
TOTAL EXPENSES	<u>204,807</u>

CHANGE IN NET ASSETS 17,099

NET ASSETS AT BEGINNING OF YEAR 182,261

NET ASSETS AT END OF YEAR \$ 199,360

**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received for bed tax	\$ 221,259
Cash received for interest income	47
Cash received for rent income	600
Cash payments for employee wages and payroll taxes	(70,044)
Cash payments for other operating expenses	<u>(130,952)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>20,910</u>
NET INCREASE (DECREASE) IN CASH	20,910
CASH AT BEGINNING OF YEAR	<u>170,085</u>
CASH AT END OF YEAR	<u>\$ 190,995</u>

**RECONCILE CHANGE IN NET ASSETS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	\$ 17,099
Depreciation	<u>3,811</u>
Net cash provided by operating activities	<u>\$ 20,910</u>

See accompanying notes to financial statements.

GROVE CITY AREA VISITORS AND CONVENTION BUREAU
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

The Grove City Area Visitors and Convention Bureau (the Bureau) is a nonprofit organization incorporated April 7, 1989. The Bureau is dedicated to promoting Grove City as the ideal Central Ohio lodging destination for tourism, business travel and meetings. The Bureau is managed by a nine member Board of Trustees who meet monthly.

Basis of Accounting

The Bureau's policy is to prepare its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles in that certain revenues are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Revenue

The Bureau's primary source of revenue comes from the local bed tax. This excise tax is a 6% tax paid by transient guests for lodging at hotels in Grove City. Twenty-five percent (25%) of the revenue from the tax levied is contributed to the Bureau. The City of Grove City does not place any restrictions on the funds contributed to the Bureau.

Property, Equipment, and Leasehold Improvements

Property, equipment, and leasehold improvements are capitalized at cost. It is the Bureau's policy to capitalize expenditures for these items in excess of \$500. Property and equipment, and leasehold improvements are being depreciated over estimated useful lives of five, seven or ten years using the double declining method.

Income Taxes

The Bureau is a nonprofit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. Accordingly, these financial statements do not include a provision for income taxes.

Concentrations of Credit Risk

Financial instruments that potentially subject the Bureau to concentrations of credit risk consist principally of cash balances. The Bureau maintains cash balances in a couple different financial institutions located in Columbus, Ohio. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2011, there were no uninsured cash balances at the financial institutions.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

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**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Advertising, Promotion and Marketing

The Bureau expenses all advertising, promotion and marketing costs when incurred.

NOTE 2 - LEASE

The Bureau began leasing their office space at 3378 Park Street, Grove City, Ohio in September 2009. The City of Grove City owns the building in which the Bureau is located. A lease agreement between the City of Grove City and the Bureau has been executed for a term of sixty months commencing September 2009, with two options to extend the initial lease term each for an additional twelve month period. The lease agreement states that the Bureau shall not be required to pay any rent for the office space. The Bureau agrees to pay \$50 per month to the City of Grove City to help offset utilities and other costs which the Bureau records as rent expense.

NOTE 3 – RENTAL INCOME

In December 2009, the Bureau began renting space to the Franklin County Genealogical and Historical Society (the Society) for \$50 per month. For the year ended December 31, 2011, the Society paid the Bureau \$600 in rental income.

NOTE 4 - CLEANING EXPENSE AND SUPPLIES

The Bureau shares the building it rents with the Grove City Town Center, Franklin County Genealogical and Historical Society, and Southwest Historical Society. The Bureau pays the invoices for cleaning services and supplies directly. The Grove City Town Center, Franklin County Genealogical and Historical Society, and Southwest Historical Society each reimburse the Bureau monthly for a portion of the cleaning service and supplies. The Bureau's policy is to apply the reimbursement from the three other tenants toward the cleaning expense in order to offset the total cost.

NOTE 5 - GRANT PROGRAM

The Bureau may provide conditional grant funds to non-profit organizations and for-profit businesses to encourage and promote tourism and travel to Grove City and the Grove City Area. The grant program was added to the Bureau's Bylaws, as amended, January 21, 2009. In 2011, \$7,500 was spent for the grant program.

NOTE 6 - CONCENTRATION OF RISK

The Bureau receives a significant amount of its support from the local bed tax. The amount of receipts is solely dependent on the number of hotel rooms in Grove City, the occupancy rate of those rooms, and the average rental rate. The bed tax is collected by the City of Grove City. The loss or reduction of these receipts would have an adverse effect on the Bureau's financial condition.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2012, the date on which the financial statements were available to be issued, and there are two events to be reported. Neither event affects the financial statements of the Bureau.

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**GROVE CITY AREA VISITORS AND CONVENTION BUREAU
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 7 - SUBSEQUENT EVENTS – continued

The first event occurred in February 2012, when the Board of Trustees voted to change the Bylaws of the Bureau. Effective February 15, 2012, the following changes will take affect:

- 1) The Board of Trustees will change from 9 members to 11 members.
- 2) The two new members will consist of an Event and Business Center representative and a General Public representative.
- 3) If a Trustee is elected to public office in Grove City that person shall resign from the Bureau's Board of Trustees.
- 4) The Trustees will set aside an Emergency Operating Fund equal to six months of bed tax income, and put the funds into a one year Certificate of Deposit.

The second event will occur in February 2013, when the Executive Director of the Bureau, Jim Hale, plans to retire. As of the date of this report, the Board of Trustees has not announced his replacement. Mr. Hale has served as the Executive Director for many years.

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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
Grove City Area Visitors and Convention Bureau
Grove City, Ohio

We have audited the financial statements of Grove City Area Visitors and Convention Bureau (the Bureau), as of and for the year ended December 31, 2011, and have issued our report thereon dated June 27, 2012. 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

Management of the Bureau is responsible for establishing and maintaining effective 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 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 management, the Board of Trustees, and others within the Bureau and is not intended to be and should not be used by anyone other than these specified parties.

Dale Saylor & Associates

Dublin, Ohio
June 27, 2012



Dave Yost • Auditor of State

GROVE CITY AREA VISITORS AND CONVENTION 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
OCTOBER 23, 2012**