

BELMONT COUNTY TOURISM COUNCIL, INC.

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010



SEACHRIST, KENNON & MARLING, A.C.
CERTIFIED PUBLIC ACCOUNTANTS



Dave Yost • Auditor of State

Board of Directors
Belmont County Tourism Council, Inc.
Ohio Valley Mall
Unit 485
St. Clairsville, Ohio 43950

We have reviewed the *Independent Auditor's Report* of the Belmont County Tourism Council, Inc., Belmont County, prepared by Seachrist, Kennon & Marling, A.C., for the audit period January 1, 2010 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 Belmont County Tourism Council, Inc. is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

January 31, 2013

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BELMONT COUNTY TOURISM COUNCIL, INC.
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SEACHRIST, KENNON & MARLING, A.C.

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INDEPENDENT AUDITOR'S REPORT

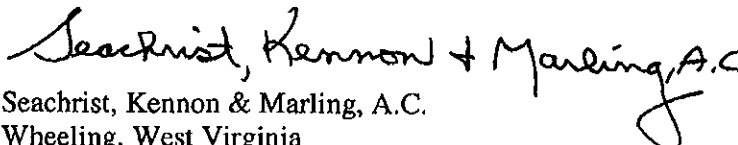
To the Board of Directors of
Belmont County Tourism Council, Inc.:

We have audited the accompanying statements of financial position of Belmont County Tourism Council, Inc., (a nonprofit organization) as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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. Those standards require that we plan and perform the audits 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 the 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 Belmont County Tourism Council, Inc., as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the year 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 July 31, 2012, on our consideration of Belmont County Tourism Council, Inc.'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 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.


Seachrist, Kennon & Marling, A.C.
Wheeling, West Virginia

July 31, 2012

BELMONT COUNTY TOURISM COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets:		
Cash in checking	\$ 164,016	\$ 197,911
Cash in lodging excise tax fund	373,029	277,991
Accounts receivable	<u>34,187</u>	<u>31,647</u>
Total current assets	<u>571,232</u>	<u>507,549</u>
Fixed assets:		
Office equipment	8,149	5,151
Furniture and fixtures	16,457	16,457
Equipment	<u>4,063</u>	<u>4,063</u>
Total fixed assets	<u>28,669</u>	<u>25,671</u>
Less: accumulated depreciation	<u>(21,029)</u>	<u>(19,154)</u>
Net fixed assets	<u>7,640</u>	<u>6,517</u>
Total Assets	<u>\$ 578,872</u>	<u>\$ 514,066</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 5,950	\$ 2,975
Payroll taxes payable	<u>2,122</u>	<u>2,122</u>
Total current liabilities	<u>8,072</u>	<u>5,097</u>
Total Liabilities	<u>8,072</u>	<u>5,097</u>
 Net assets:		
Unrestricted	<u>570,800</u>	<u>508,969</u>
Total Liabilities and Net Assets	<u>\$ 578,872</u>	<u>\$ 514,066</u>

The accompanying notes are an integral part of these financial statements.

BELMONT COUNTY TOURISM COUNCIL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Revenues</u>		
Belmont County Commissioners	<u>\$ 417,578</u>	<u>\$ 359,283</u>
 Total Revenues	 <u>417,578</u>	 <u>359,283</u>
 <u>Expenses</u>		
Salaries	82,402	80,033
Payroll taxes	6,937	7,052
Fringe benefits	5,239	5,335
Brochures	11,786	8,786
Local promotion and entertainment	16,937	18,645
Advertising	60,012	65,996
Trade shows	3,348	5,774
Rent and utilities	18,667	18,328
Professional fees	3,482	3,113
Office supplies and expense	3,914	7,149
Professional meetings	408	550
Dues and subscriptions	2,566	1,880
Telephone	3,127	2,992
Insurance	3,430	438
Travel expense	4	252
Postage and mailings	1,071	1,623
Depreciation	1,875	1,762
GAP program	47,400	49,000
Contributions	28,000	33,319
Sheriff residence grant match	50,000	-
Repairs and maintenance	<u>5,142</u>	<u>2,466</u>
 Total Expenses	 <u>355,747</u>	 <u>314,493</u>
 Increase (Decrease) in Net Assets	 61,831	 44,790
 Net Assets, Beginning of the Year	 <u>508,969</u>	 <u>464,179</u>
 Net Assets, End of the Year	 <u>\$ 570,800</u>	 <u>\$ 508,969</u>

The accompanying notes are an integral part of these financial statements.

BELMONT COUNTY TOURISM COUNCIL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 61,831	\$ 44,790
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	1,875	1,762
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,540)	2,691
Increase (decrease) in accounts payable	2,975	(2,425)
Increase (decrease) in payroll taxes payable	<u>-</u>	<u>(1)</u>
Net cash provided (used) by operating activities	<u>64,141</u>	<u>46,817</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(2,998)</u>	<u>(4,549)</u>
Net cash provided (used) by investing activities	<u>(2,998)</u>	<u>(4,549)</u>
Net increase (decrease) in cash and cash equivalents	61,143	42,268
Beginning cash and cash equivalents	<u>475,902</u>	<u>433,634</u>
Ending cash and cash equivalents	<u>\$ 537,045</u>	<u>\$ 475,902</u>
Supplemental disclosures of cash flow information:		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

BELMONT COUNTY TOURISM COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

Note 1: Accounting Policies

Nature of Business – Belmont County Tourism Council, Inc. is a non-profit organization formed to promote tourism in Belmont County, Ohio. Revenues are derived from a 3% motel bed tax and occasional grants.

Accounting Method – The Council prepares its financial statements on the accrual basis of accounting.

Financial Statement Presentation – The Council is required to present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Assets with voluntary designations by the governing board are considered unrestricted. All of the Council's assets are unrestricted.

Property and Equipment – Property and equipment is capitalized at cost. The policy of the Council is to capitalize assets with a cost of \$100 and a useful life of one year or more. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Income Taxes – The Council is exempt from Federal income taxes under section 501(c)(4) of the Internal Revenue Code, except for taxes on unrelated business income.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Council and recognize a tax liability (or asset) if the Council has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Council, and has concluded that as of December 31, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Council is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Council's federal Return of Organization Exempt from Income Tax (Form 990) for 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, cash and cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Deposit Funds – Funds of the Council, on deposit in banks, are maintained in accounts insured by the F.D.I.C. up to \$250,000. Funds in the lodging excise tax fund are maintained by the county and in their accounts, all of which are F.D.I.C. insured or collateralized. The county has been audited by the State of Ohio Auditor's office and is in compliance with all state statutes.

**BELMONT COUNTY TOURISM COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

Note 1: Accounting Policies (continued)

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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Reclassifications – The Council’s policy is to reclassify amounts reported in prior year financial statements when necessary for classifications adopted in the current year. There were no significant reclassifications during 2011 or 2010.

Note 2: Contracts and Leases

Renewal Agreement – The contract between the County of Belmont, State of Ohio and the Belmont County Tourism Council, Inc., (a non-profit organization) of St. Clairsville, Ohio is in effect and shall continue until terminated by either of the above stated parties. A lease contract with the Ohio Valley Mall is valid through January 31, 2012. The monthly rent payment for January 2010 was \$1,350 while the monthly rent payment for February 2010 through December 2011 was \$1,300 or \$15,600 and \$15,650 annually for 2011 and 2010, respectively.

Note 3: Concentrations

The Council receives all of its funding from the Belmont County 3% motel bed tax. The tax is collected by the county and the funds are held in the lodging excise tax fund maintained by the county as described in Note 1. The Council receives a monthly distribution from the county based on the Council’s budget. These distributions are used to assist the Council for budgeting purposes. A significant reduction in the collection of the motel bed tax would have a major effect on the operations of the Council.

Note 4: Functional Classification of Expenses

Expenses by function for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Program services	\$ 287,751	\$ 248,026
Management and general	67,996	66,467
	\$ 355,747	\$ 314,493

Note 5: Subsequent Events

The Council has evaluated subsequent events through July 31, 2012, the date which the financial statements were available to be issued.

SEACHRIST, KENNON & MARLING, A.C.

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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 Directors of
Belmont County Tourism Council, Inc.:

We have audited the financial statements of Belmont County Tourism Council, Inc. (a nonprofit organization) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 31, 2012. 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.

Internal Control over Financial Reporting

Management of Belmont County Tourism Council, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered Belmont County Tourism Council, Inc.'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 Belmont County Tourism Council'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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

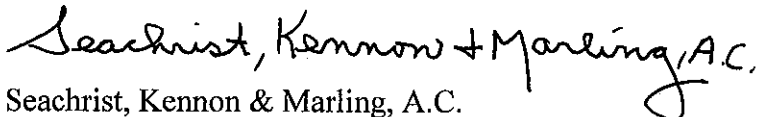
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be a material weaknesses. See Finding 10/11-1 and 11-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Belmont County Tourism Council, Inc.'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*.

Belmont County Tourism Council, Inc.'s response to the findings identified in our audits is described in the accompanying schedule of findings and responses. We did not audit Belmont County Tourism Council, Inc.'s responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization, 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.



Seachrist, Kennon & Marling, A.C.
Wheeling, West Virginia
July 31, 2012

BELMONT COUNTY TOURISM COUNCIL, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEARS ENDED DECEMBER 31, 2011 and 2010

Finding 10/11-1: Financial Statement Preparation (Material Weakness)

Condition: The Council currently requires assistance from the auditors to prepare its financial statements, complete with required footnote disclosures, in conformity with U.S. generally accepted accounting principles (GAAP).

Criteria: Management is responsible for establishing and maintaining internal controls in the financial reporting system and for the fair presentation of the financial position, results of operations, cash flows and disclosures in the financial statements, in conformity with GAAP.

Effect: A reasonable possibility exists that the Council may issue financial statements and related footnotes that contain a material misstatement that will not be prevented, or detected and corrected on a timely basis by the organization's internal control.

Recommendation: We recommend that the Council designate staff or hire additional staff with the required expertise to prepare, or oversee the preparation of, fairly presented financial statements, including required footnote disclosures, in conformity with GAAP.

Response: Management agrees with the finding; however it would not be cost beneficial to hire additional staff at this time.

Finding 11-2: Material Adjustments (Material Weakness)

Condition: As part of the audit Council requested us to assist in converting the accounting records from the cash basis to the accrual basis so the financial statements could be prepared in conformity with U.S. generally accepted accounting principals. Although the Council's financial statements were fairly presented on the cash basis, the absence of control policies and procedures to prevent, detect, and correct material misstatements in the financial statements is considered a material weakness.

Criteria: Proper internal controls over accrual basis financial reporting are necessary to ensure accurate financial reporting and the timely identification of misstatements.

Effect: Material adjustments were required to be made to the accounting records to covert the records from the cash basis to the accrual basis so that the financial statements would be prepared in conformity with U.S. generally accepted accounting principals.

Recommendation: We recommend that Council maintain their accounting records on the accrual basis of accounting, however if Council requests us to assist in converting the accounting records from the cash basis to the accrual basis we will be required to report this along with the fact that material adjustments were required related to the cash to accrual conversion.

**BELMONT COUNTY TOURISM COUNCIL, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEARS ENDED DECEMBER 31, 2011 and 2010**

Response: Management agrees with the finding; however it would not be cost beneficial to hire additional staff at this time.



Dave Yost • Auditor of State

BELMONT COUNTY TOURISM COUNCIL INC.

BELMONT 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
FEBRUARY 12, 2013**