



Dave Yost • Auditor of State

**GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position December 31, 2015 and 2014	3
Statement of Activities December 31, 2015 and 2014	4
Statement of Cash Flows December 31, 2015 and 2014.....	5
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Greater Cincinnati Convention and Visitors Bureau, Inc.
Hamilton County
525 Vine Street, Suite 1200
Cincinnati, Ohio 45202

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Cincinnati Convention and Visitors Bureau, Inc., Hamilton County, Ohio (the Bureau), a not for profit corporation, which comprise the statement of financial position and the related statement of activities and cash flows, as of and for the year ended December 31, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Bureau's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Bureau's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Cincinnati Convention and Visitors Bureau, Inc., Hamilton County, Ohio, as of

December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matter

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of the Greater Cincinnati Convention and Visitors Bureau, Inc., Hamilton County, Ohio (the Bureau), of and for the year ended December 31, 2014, were audited by a predecessor auditor whose report dated June 16, 2015 expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2017, on our consideration of the Bureau'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the Bureau's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

January 5, 2017

Greater Cincinnati Convention and Visitors Bureau, Inc.
 Statements of Financial Position
 December 31, 2015 and 2014

Assets

	2015	2014
Cash and cash equivalents	\$ 1,662,448	\$ 1,797,329
County Hotel/Motel excise tax receivable	1,508,702	1,370,812
City/County residual fund receivable	479,211	-
Program receivables	13,404	16,068
Membership receivables	53,899	35,720
General and suppliers' current and prior year subscriptions and sundry advances	149,256	11,022
Total receivables	2,204,472	1,433,622
Less allowance for doubtful accounts	(55,862)	(38,943)
	2,148,610	1,394,679
Prepaid expenses	41,399	37,294
Total Current Assets	3,852,457	3,229,302
Equipment	698,839	711,274
Less accumulated depreciation	(632,294)	(607,959)
	66,545	103,315
Total Assets	\$ 3,919,002	\$ 3,332,617
 Liabilities and Net Assets		
Current liabilities:		
Current portion of capital lease	\$ 15,295	\$ 13,164
Accounts payable	270,052	286,966
Accrued payroll	541,811	428,687
Payroll taxes withholding	-	2,472
Deferred rent expense	26,721	37,553
Deferred membership and other deferred revenue	140,385	41,408
Grants payable	476,941	449,271
Total Current Liabilities	1,471,205	1,259,521
Long Term Obligations:		
Capital lease, net of current portion	7,082	22,376
Total Liabilities	1,478,287	1,281,897
Net Assets:		
Unrestricted	1,316,639	839,915
Temporarily restricted	1,124,076	1,210,805
Total net assets	2,440,715	2,050,720
Total Liabilities and Net Assets	\$ 3,919,002	\$ 3,332,617

Greater Cincinnati Convention and Visitors Bureau, Inc.
Statements of Activities
Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Gross County Hotel/Motel excise tax revenue	\$ 6,965,623	\$ -	\$ 6,965,623	\$ 6,200,092	\$ -	\$ 6,200,092
Government Funding	-	1,479,211	1,479,211	-	1,696,016	1,696,016
Income from members' subscriptions	311,598		311,598	299,739	-	299,739
Registration services	2,547		2,547	2,441	-	2,441
Passkey	45,336		45,336	31,200	-	31,200
Corporate sponsorships	90,246		90,246	192,362	-	192,362
Interest income	4,167		4,167	3,490	-	3,490
Other income	19,115		19,115	11,757	-	11,757
In-kind	4,588		4,588	21,276	-	21,276
Net assets released from restrictions	1,565,940	(1,565,940)	-	1,210,873	(1,210,873)	-
Total revenues	9,009,160	(86,729)	8,922,431	7,973,230	485,143	8,458,373
Expenses:						
Convention related expenditures:						
Convention sales and destination services	3,272,558	-	3,272,558	2,811,652	-	2,811,652
Convention services	419,378	-	419,378	342,013	-	342,013
Public relations and marketing	1,407,177	-	1,407,177	1,352,344	-	1,352,344
	5,099,113	-	5,099,113	4,506,009	-	4,506,009
General and administrative	980,118	-	980,118	1,010,041	-	1,010,041
In-kind	4,588	-	4,588	21,276	-	21,276
			-			-
Initiatives:						
Grant to Greater Cincinnati Sports Corporation	140,569	-	140,569	136,475	-	136,475
Grant to Regional Tourism Network	2,308,048	-	2,308,048	2,066,897	-	2,066,897
	2,448,617	-	2,448,617	2,203,372	-	2,203,372
Total expenses	8,532,436	-	8,532,436	7,740,698	-	7,740,698
Change in Net Assets	476,724	(86,729)	389,995	232,532	485,143	717,675
Net Assets at Beginning of Year	839,915	1,210,805	2,050,720	607,383	725,662	1,333,045
Net Assets at End of Year	<u>\$ 1,316,639</u>	<u>\$ 1,124,076</u>	<u>\$ 2,440,715</u>	<u>\$ 839,915</u>	<u>\$ 1,210,805</u>	<u>\$ 2,050,720</u>

See accompanying notes to the financial statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 389,995	\$ 717,675
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	47,105	45,079
Bad debt recovery	16,920	-
Changes in net assets and liabilities:		
Accounts receivable and advances-net	(770,850)	(76,357)
Prepaid expenses	(4,105)	9,959
Accounts payable	(18,834)	33,508
Accrued payroll	113,124	(35,443)
Payroll taxes withholdings	(2,472)	-
Deferred rent expense	(10,832)	(23,000)
Deferred membership & other income	98,978	15,972
Grants payable	27,670	37,478
	(113,301)	724,871
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of equipment	(8,416)	(48,076)
Cash flows from financing activities:		
Net change in lines of credit	-	-
Payments on capital lease obligation	(13,164)	(11,330)
	(13,164)	(11,330)
Net cash used by financing activities		
Net increase (decrease) in cash and cash equivalents	(134,881)	665,465
Cash and cash equivalents at beginning of year	1,797,329	1,131,864
Cash and cash equivalents at end of year	\$ 1,662,448	\$ 1,797,329
Supplemental information:		
Purchase of equipment under capital lease obligation	\$ -	\$ -
Portion of purchased equipment in accounts payable	\$ 1,919	\$ 19,000
Interest paid	\$ 4,479	\$ 6,413

See accompanying notes to the financial statements.

This page intentionally left blank.

1. SUMMARY OF ACCOUNTING POLICIES:

Greater Cincinnati Convention and Visitors Bureau, Inc. (the Bureau) is a sales, marketing, and service organization and impacts the Greater Cincinnati area economy through convention, trade show, and visitor expenditures.

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, money market funds, and certificates of deposit primarily with commercial banks in Ohio that, at times, may exceed federally insured limits. The Bureau has not experienced any losses in such accounts and the Bureau believes it is not exposed to any significant credit risk on cash.

Allowance for doubtful accounts

The allowance is determined by considering the length of time receivable balances are outstanding and the companies' ability to pay. The outstanding balances are reviewed monthly and ability to collect is determined. The allowance is decreased when receivables are deemed to be uncollectible, and payments subsequently received on such receivables restore the allowance for doubtful accounts. The allowance for doubtful accounts was \$55,863 at December 31, 2015 and \$38,943 at December 31, 2014.

Revenues

The Bureau receives revenues generated from a 3% excise tax on hotel rooms in Hamilton County, Ohio and other governmental funds. These revenues are authorized under regulations approved by the Hamilton County Board of Commissioners under legislation approved by the Ohio legislature. Membership and other fees are recognized as earned. Contributions and grants are recognized when awarded. Sponsorships for various programs are deferred and recognized when the event or program has occurred.

Equipment

Equipment is recorded at cost at the date of purchase. Costs of maintenance and repairs are charged to expense as incurred. Assets are depreciated over their estimated useful lives using the straight-line method.

The following is a summary of property and equipment at December 31, 2015:

Furniture and equipment	\$665,152
Leasehold improvements	<u>\$ 33,687</u>
Total	\$698,839
Less: accumulated depreciation	<u>(632,294)</u>
Net property and equipment	\$ 66,545

Depreciation expense was \$45,700 and \$45,079 in 2015 and 2014, respectively.

Deferred membership income

Deferred membership income represents collections in the current year that pertains to billings of membership revenues attributable to the following year.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Grants payable

As a part of their mission to support the region, the Bureau has pledged to support certain organizations and initiatives. Amounts pledged to these organizations are recorded when the pledge or grant is made.

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 reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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 are recorded as permanently restricted net assets. 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.

Donated materials and services

The Bureau records donated services, including donated rent, as revenue in the financial statements at their estimated fair value with a corresponding charge to donated services. Donated services are not recorded if no objective basis is available to measure the value received by the Bureau.

Income tax status

The Internal Revenue Service has ruled that the Bureau qualified under Section 501(c)(6) of the Internal Revenue Code (IRC). 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. The Bureau has not engaged in any activity which would expose it to unrelated business income taxes.

Uncertain tax positions

The Bureau follows the provisions for *Accounting for Uncertainty in Income Taxes*. Those provisions clarify the accounting and recognition for income tax positions taken or expected to be taken in the Bureau's income tax returns. The Bureau's income tax filings are subject to audit by various taxing authorities. The Bureau's open audit periods are 2012-2014. The Bureau's policy with regard to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating the Bureau's tax provisions and

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Bureau believes their estimates are appropriate based on current facts and circumstances.

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.

Subsequent events

The Bureau evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through January 5, 2017, the date on which the financial statements were available to be issued.

2. REVENUE CONCENTRATION:

The Bureau is dependent upon the Hotel/Motel excise tax revenue levy. Tax levy revenues were 78% and 73% of total revenue for the years ended December 31, 2015 and 2014, respectively. The receivables from the County were 70% and 98% for the years ended December 31, 2015 and 2014, respectively. A discontinuance of this tax levy would severely affect the operation of the Bureau.

3. EMPLOYMENT AGREEMENT:

The Bureau has signed an employment agreement with its CEO providing base and incentive compensation through February 3, 2019.

4. OPERATING LEASES:

The Bureau has operating leases for office space, furniture and office equipment which expire at various dates through 2028. The future minimum rental commitments as of December 31, 2015 for the non-cancellable leases are as follows:

2016	\$169,958
2017	200,153
2018	263,731
2019	270,229
2020	266,027
Thereafter	<u>2,067,639</u>
	\$3,237,737

4. OPERATING LEASES (CONTINUED)

Total rental expense was \$172,726 and \$169,464 in 2015 and 2014, respectively. Total rental expense includes in-kind rent, which is discussed in Note 11.

Included within the future minimum rental commitments is a lease signed subsequent to year end, commencing in October 2016 through March 2028.

5. CAPITAL LEASE:

In 2013, the Bureau acquired equipment under a capital lease agreement. The lease expires in May 2017. Capital leased assets included in equipment have costs totaling \$52,735 and accumulated depreciation totaling \$43,946 and \$26,368 at December 31, 2015 and 2014, respectively.

Future minimum lease payments required under the lease are as follows:

	2016	\$17,643
	2017	<u>7,352</u>
Total minimum lease payments		24,995
Less: amount representing interest		<u>2,618</u>
		22,377
Less: current portion of lease obligations		<u>15,295</u>
Long-term portion of lease obligations		\$ 7,082

6. REVOLVING LINE OF CREDIT:

During 2014, the Bureau entered into a \$250,000 line of credit agreement that bears interest at the Bank's prime rate plus 2.65%, with principal due May 15, 2016. At December 31, 2015 and 2014, there was no outstanding balance against the line. The line is secured by all assets of the Organization. Subsequent to year end the Bureau amended its line of credit agreement, which now bears interest at the Bank's prime rate plus 1.5%, with principal due May 16, 2017.

7. RETIREMENT PLAN:

The Bureau has a defined contribution 401(k) savings plan. The defined contribution 401(k) savings plan allows the Bureau to make matching contributions. The plan covers substantially all employees who meet certain eligibility requirements as to age and length of service. Bureau matching contributions are provided up to 3% for the first 3% and 1.5% of the next 3% of eligible employee compensation with certain limitations. The expenses for 2015 and 2014 were \$127,794 and \$89,510, respectively.

8. FUNCTIONAL EXPENSES:

The Bureau promotes the Greater Cincinnati are 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>2015</u>	<u>2014</u>
Program Services	7,552,318	6,730,657
General and administrative	<u>980,118</u>	<u>1,010,041</u>
	<u>8,532,436</u>	<u>7,740,698</u>

9. RELATED PARTY:

The Bureau is affiliated with the Spirit of Cincinnati (Spirit) which is an organization committed to education programs concerning the City of Cincinnati. At December 31, 2015 and 2014, the Bureau owed Spirit \$0 and \$243, respectively. At December 31, 2015 and 2014, the Bureau had a receivable from Spirit of \$229 and \$235, respectively.

10. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets available for program restrictions were \$1,124,076 and \$1,210,805 at December 31, 2015 and 2014.

During 2015 and 2014, net assets released from restriction were \$1,565,940 and \$1,210,873, respectively.

11. DONATED SERVICES AND IN-KIND DONATIONS:

Contribution revenue recognized during 2015 and 2014 from donated services and in-kind donations consisted of the amounts noted below.

	<u>2015</u>	<u>2014</u>
In-kind rent	\$4,588	\$21,276

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Greater Cincinnati Convention and Visitors Bureau, Inc.
Hamilton County
525 Vine Street, Suite 1200
Cincinnati, Ohio 45202

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Greater Cincinnati Convention and Visitors Bureau, Inc., Hamilton County, (the Bureau) as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Bureau's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Bureau's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Bureau's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Bureau's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Bureau's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

January 5, 2017



Dave Yost • Auditor of State

GREATER 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
JANUARY 31, 2017**