

***GREATER CINCINNATI CONVENTION AND
VISITORS BUREAU***

HAMILTON COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2017 & 2016





Dave Yost • Auditor of State

Board of Directors
Greater Cincinnati Convention and Visitors Bureau, Inc.
525 Vine Street
Cincinnati, Ohio 45202

We have reviewed the *Independent Auditor's Report* of the Greater Cincinnati Convention and Visitors Bureau, Inc., Hamilton County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 2017. 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 Greater Cincinnati Convention and Visitors Bureau, 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

June 22, 2018

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report.....	1
Financial Statements:	
Statements of Financial Position December 31, 2017 and 2016.....	3
Statements of Activities for the Years Ended December 31, 2017 and 2016	4
Statements of Cash Flows for the Years Ended December 31, 2017 and 2016.....	5
Notes to the Financial Statements.....	7
Independent Auditor’s 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>11

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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:

We have audited the accompanying financial statements of the Greater Cincinnati Convention and Visitors Bureau, Inc. (the Bureau), a not for profit corporation, which comprise the statement of financial position as of December 31, 2017 and 2016 and the related statement of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

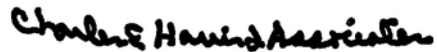
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Cincinnati Convention and Visitors Bureau, Inc. as of December 31, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2018 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing. 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.



Charles E. Harris & Associates, Inc.
June 12, 2018

Greater Cincinnati Convention and Visitors Bureau, Inc.
Statements of Financial Position
December 31, 2017 and 2016

Assets	2017	2016
Cash and cash equivalents	\$ 1,592,450	\$ 1,545,521
County Hotel/Motel excise tax receivable	1,658,745	1,628,319
Program receivables	43,764	20,556
Membership receivables	31,003	57,190
General and suppliers' current and prior year subscriptions and sundry advances	202,581	503,139
Total receivables	1,936,093	2,209,204
Less allowance for doubtful accounts	(73,408)	(71,737)
	1,862,685	2,137,467
Prepaid expenses	43,463	55,478
Total Current Assets	3,498,598	3,738,466
Equipment	666,441	851,123
Less accumulated depreciation	(267,463)	(379,654)
	398,978	471,469
Total Assets	\$ 3,897,576	\$ 4,209,935
 Liabilities and Net Assets		
Current liabilities:		
Current portion of capital lease	\$ -	\$ 7,082
Accounts payable	213,861	333,311
Accrued payroll	532,895	545,186
Deferred rent expense	133,157	61,248
Deferred membership and other deferred revenue	8,746	8,859
Grants payable	555,082	530,756
Total Current Liabilities	1,443,741	1,486,442
Total Liabilities	1,443,741	1,486,442
 Net Assets:		
Unrestricted	1,981,415	1,965,195
Temporarily restricted	472,420	758,298
Total net assets	2,453,835	2,723,493
Total Liabilities and Net Assets	\$ 3,897,576	\$ 4,209,935

See accompanying notes to the financial statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.
 Statements of Activities
 Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Gross County Hotel/Motel excise tax revenue	\$ 7,697,745	\$ -	\$ 7,697,745	\$ 7,397,319	\$ -	\$ 7,397,319
Government Funding	-	1,397,097	1,397,097	-	1,300,000	1,300,000
Income from members' subscriptions	304,400	-	304,400	311,198	-	311,198
Registration services	3,796	-	3,796	5,359	-	5,359
Passkey	52,248	-	52,248	75,582	-	75,582
Corporate sponsorships	30,000	-	30,000	345,127	-	345,127
Interest income	3,951	-	3,951	4,029	-	4,029
Other income	7,889	-	7,889	9,160	-	9,160
Net assets released from restrictions	1,682,975	(1,682,975)	-	1,665,778	(1,665,778)	-
Total revenues	9,783,004	(285,878)	9,497,126	9,813,552	(365,778)	9,447,774
Expenses:						
Convention related expenditures:						
Convention sales and destination services	3,564,868	-	3,564,868	3,663,627	-	3,663,627
Convention services	380,720	-	380,720	411,919	-	411,919
Public relations and marketing	1,370,130	-	1,370,130	1,401,270	-	1,401,270
	5,315,718	-	5,315,718	5,539,316	-	5,539,316
General and administrative	1,453,018	-	1,453,018	1,001,747	-	1,001,747
Initiatives:						
Grant to Greater Cincinnati Sports Corporation	170,000	-	170,000	145,000	-	145,000
Grant to Regional Tourism Network	2,578,048	-	2,578,048	2,478,933	-	2,478,933
Grant to Source Cincinnati	250,000	-	250,000	62,500	-	62,500
	2,998,048	-	2,998,048	2,623,933	-	2,623,933
Total expenses	9,766,784	-	9,766,784	9,164,996	-	9,164,996
Change in Net Assets	16,220	(285,878)	(269,658)	648,556	(365,778)	282,778
Net Assets at Beginning of Year	1,965,195	758,298	2,723,493	1,316,639	1,124,076	2,440,715
Net Assets at End of Year	\$ 1,981,415	\$ 472,420	\$ 2,453,835	\$ 1,965,195	\$ 758,298	\$ 2,723,493

See accompanying notes to the financial statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.

Statements of Cash Flows

Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (269,658)	\$ 282,778
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	111,392	78,058
Bad debt recovery	-	15,875
Changes in net assets and liabilities:		
Accounts receivable and advances-net	274,782	(4,732)
Prepaid expenses	12,015	(14,079)
Accounts payable	(119,450)	15,025
Accrued payroll	(12,291)	3,375
Deferred rent expense	71,909	34,527
Deferred membership & other income	(113)	(131,526)
Grants payable	24,326	53,815
	92,912	333,117
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of equipment, leasehold improvements	(38,901)	(434,749)
Cash flows from financing activities:		
Payments on capital lease obligation	(7,082)	(15,295)
Net cash used by financing activities	(7,082)	(15,295)
Net increase (decrease) in cash and cash equivalents	46,929	(116,928)
Cash and cash equivalents at beginning of year	1,545,521	1,662,448
Cash and cash equivalents at end of year	\$ 1,592,450	\$ 1,545,521
Supplemental information:		
Portion of purchased equipment in accounts payable	\$ -	\$ 48,234
Interest paid	270	2,349

See accompanying notes to the financial statements.

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Greater Cincinnati Convention and Visitors Bureau, Inc.
Notes to the Financial Statements
December 31, 2017 and 2016

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 \$73,408 at December 31, 2017 and \$71,737 at December 31, 2016.

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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$468,730	\$665,692
Leasehold improvements	<u>197,711</u>	<u>185,431</u>
Total	666,441	851,123
Less: accumulated depreciation	<u>(267,463)</u>	<u>(379,654)</u>
Net property and equipment	\$398,978	\$471,469

Depreciation expense was \$111,392 and \$78,058 in 2017 and 2016, 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 2014-2016. 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 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.

Greater Cincinnati Convention and Visitors Bureau, Inc.
Notes to the Financial Statements
December 31, 2017 and 2016

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED):

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 June 12, 2018, 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 79% and 75% of total revenue for the years ended December 31, 2017 and 2016, respectively. The receivables from the County were 89% and 76% for the years ended December 31, 2017 and 2016, respectively. A discontinuance of this tax levy would severely affect the operation of the Bureau.

3. 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, 2017 for the non-cancellable leases are as follows:

2018	\$ 266,248
2019	272,746
2020	268,544
2021	251,877
2022	256,890
Thereafter	<u>1,434,621</u>
	\$2,750,926

Total rental expense was \$260,036 and \$193,550 in 2017 and 2016, respectively.

Greater Cincinnati Convention and Visitors Bureau, Inc.
Notes to the Financial Statements
December 31, 2017 and 2016

4. REVOLVING LINE OF CREDIT:

During 2014, the Bureau entered into an annual renewable \$250,000 line of credit agreement that bears interest at the Bank's prime rate plus 1.5%, with principal due May 16, 2018. At December 31, 2017 and 2016, there was no outstanding balance against the line. The line is secured by all assets of the Bureau. Subsequent to year end, the Bureau renewed its line of credit agreement, bearing the same interest rate, with principal due May 15th, 2019.

5. 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 2017 and 2016 were \$112,620 and \$120,905, respectively.

6. 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>2017</u>	<u>2016</u>
Program Services	\$8,313,766	\$8,163,249
General and administrative	<u>1,453,018</u>	<u>1,001,747</u>
	<u>\$9,766,784</u>	<u>\$9,164,996</u>

7. 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, 2017 and 2016, the Bureau had a receivable from Spirit of \$189,245 and \$20,289, respectively.

8. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets available for program restrictions were \$472,420 and \$758,298 at December 31, 2017 and 2016.

During 2017 and 2016, net assets released from restriction were \$1,682,975 and \$1,665,778, respectively.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S 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

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Greater Cincinnati Convention and Visitors Bureau, Inc., Hamilton County, (the Bureau), a nonprofit corporation, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bureau's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control.

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 Bureau's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

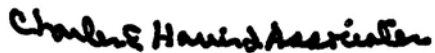
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bureau's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bureau's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 12, 2018



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
JULY 5, 2018**