

**THE GREATER COLUMBUS CONVENTION &
VISITORS BUREAU
dba EXPERIENCE COLUMBUS
FINANCIAL REPORT
DECEMBER 31, 2004 AND 2003**



**Auditor of State
Betty Montgomery**

Board of Trustees
The Greater Columbus Convention and Visitors Bureau
Columbus, Ohio

We have reviewed the *Independent Auditor's Report* of The Greater Columbus Convention and Visitors Bureau, dba Experience Columbus, Franklin County, prepared by Hausser & Taylor LLC, for the audit period January 1, 2004 through December 31, 2004. 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 Columbus Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 15, 2005

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**THE GREATER COLUMBUS CONVENTION &
VISITORS BUREAU
dba EXPERIENCE COLUMBUS**

CONTENTS

	<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	5-9
SUPPLEMENTARY 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 GOVERNMENT AUDITING STANDARDS	10

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To the Board of Trustees
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
Columbus, Ohio

Independent Auditors' Report

We have audited the accompanying statement of financial position of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus, as of December 31, 2004, and the related statements of activities and cash flows for the year 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 audit. The financial statements of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus, as of December 31, 2003, were audited by other auditors whose report dated February 27, 2004 expressed an unqualified opinion on those statements.

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 Controller 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus as of December 31, 2004, 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 February 25, 2005, on our consideration of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus' internal control over financial reporting and our tests of its compliance with certain provision 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.

Columbus, Ohio
February 25, 2005

Hausser + Taylor LLC

**THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS**

STATEMENTS OF FINANCIAL POSITION

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents (Notes 2 and 3)	\$ 1,187,937	\$ 1,367,697
Cash, designated for property and equipment reserve (Note 2B)	299,908	-
Accounts receivable (Note 2)	366,447	54,271
Prepaid expenses and deposits	121,701	96,081
Total current assets	<u>1,975,993</u>	<u>1,518,049</u>
PROPERTY AND EQUIPMENT, NET (Notes 2 and 4)	<u>425,446</u>	<u>324,083</u>
OTHER ASSETS		
Investments for retirement liability (Notes 2 and 6)	<u>-</u>	<u>4,932</u>
TOTAL ASSETS	<u>\$ 2,401,439</u>	<u>\$ 1,847,064</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 639,641	\$ 254,085
Accrued expenses	247,032	295,810
Deferred revenue	7,855	17,000
Capital lease obligations (Note 9)	-	2,314
Retirement liability (Note 6)	20,031	20,031
Total current liabilities	<u>914,559</u>	<u>589,240</u>
RETIREMENT LIABILITY, net of current portion (Note 6)	<u>20,030</u>	<u>20,030</u>
Total liabilities	<u>934,589</u>	<u>609,270</u>
NET ASSETS		
Unrestricted:		
Property and equipment reserve (Note 2B)	299,908	-
Undesignated	<u>1,166,942</u>	<u>1,237,794</u>
Total unrestricted	<u>1,466,850</u>	<u>1,237,794</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,401,439</u>	<u>\$ 1,847,064</u>

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

**THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS**

STATEMENTS OF ACTIVITIES

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES AND OTHER SUPPORT		
Columbus bed tax	\$ 3,450,235	\$ 3,364,669
Promotional revenue, City of Columbus	420,570	560,749
Contributions	468,476	498,731
Program revenue	400,258	397,453
Promotion revenue, Franklin County	900,000	900,000
Contributed services	249,278	224,115
Publication revenue	167,655	274,276
Sports marketing	500,000	469,286
Registration	55,948	59,812
Interest	16,567	9,259
Other income	3,291	2,591
Total revenues and other support	<u>6,632,278</u>	<u>6,760,941</u>
EXPENSES		
Convention marketing	3,740,894	3,806,868
Tourism marketing	545,440	499,841
Communication and public relations	537,698	579,300
Sports marketing	317,045	168,706
Management and general	1,262,145	1,077,637
Total expenses	<u>6,403,222</u>	<u>6,132,352</u>
CHANGE IN NET ASSETS	229,056	628,589
NET ASSETS - Beginning of year	<u>1,237,794</u>	<u>609,205</u>
NET ASSETS - End of year	<u>\$ 1,466,850</u>	<u>\$ 1,237,794</u>

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

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

STATEMENTS OF CASH FLOWS

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ <u>229,056</u>	\$ <u>628,589</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	131,360	81,211
Increase in operating assets:		
Accounts receivable	(312,176)	(20,133)
Prepaid expenses and deposits	(25,620)	(5,756)
Increase (decrease) in operating liabilities:		
Accounts payable	385,556	88,717
Accrued expenses	(48,778)	(19,373)
Deferred revenue	(9,145)	17,000
Total adjustments	<u>121,197</u>	<u>141,666</u>
Net cash provided by operating activities	<u>350,253</u>	<u>770,255</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(232,723)	(155,459)
(Increase) decrease in investments for retirement liability	4,932	(24)
Net cash used in investing activities	<u>(227,791)</u>	<u>(155,483)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	(2,314)	(4,403)
Net cash used in financing activities	<u>(2,314)</u>	<u>(4,403)</u>
 INCREASE IN CASH AND CASH EQUIVALENTS	120,148	610,369
 CASH AND CASH EQUIVALENTS - Beginning of year	<u>1,367,697</u>	<u>757,328</u>
 CASH AND CASH EQUIVALENTS - End of year	<u>\$ 1,487,845</u>	<u>\$ 1,367,697</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 538</u>

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

**THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS**

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Organization

The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus is the official destination marketing organization for Greater Columbus. The Greater Columbus Sports Commission operates within Experience Columbus and was organized to promote, attract and service sporting events for Greater Columbus.

Note 2. Summary of Significant Accounting Policies

- A. Use of 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- B. Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to the following three classes:
- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Equipment Reserve – Represents the amount designated by the Organization’s Board to cover the replacement or repair of the Organization’s property and equipment.
 - Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. As of December 31, 2004 and 2003, there were no temporarily restricted net assets.
 - Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of December 31, 2004 and 2003, there were no permanently restricted net assets.
- C. Cash and Cash Equivalents – For purposes of the statements of cash flows, cash and cash equivalents represents cash on hand, demand deposits held by banks and short-term investments having an initial maturity of three months or less.

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

- D. Accounts Receivable – The Organization grants credit to its Members for participation in various functions. The Organization uses the allowance method to recognize potentially uncollectible accounts. The allowance is provided based on management’s estimation of the collectibility of the accounts receivable as of December 31, 2004 and 2003. The estimation takes into consideration historical trends, past history with specific customers and current economic conditions. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to not be collectible. Interest is not charged by the Organization on past due accounts. No allowance has been recorded due to management’s belief that all accounts are collectible as of December 31, 2004 and 2003.
- E. Property and Equipment – Property and equipment are carried at cost, less accumulated depreciation computed on the straight-line method. Property and equipment that are donated are recorded at their fair market value on the date of receipt. Major renewals and betterments over \$500 are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Property and equipment are depreciated over their estimated useful lives as follows:
- | | |
|---------------------------------|------------|
| Office furniture and equipment | 3-10 years |
| Computer equipment | 3-5 years |
| Leasehold improvements | 5-10 years |
| Assets held under capital lease | 3-7 years |
- F. Investments for Retirement Liability – Investments in debt securities are valued at their fair values as determined by quoted market prices in the statements of financial position. At December 31, 2004 and 2003, the fair value of the Organization’s investments approximates cost. See Note 6.
- G. Contributions – Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.
- H. Contributed Services and Materials – The Organization receives support from its members and the community in the form of publications, meeting facilities, lodging, meals and transportation. The estimated fair value of these services is reported as income and expense in the period in which the services are rendered and materials are donated.
- I. Promotion, Publication and Program Revenue – The Organization obtains promotional support from the City of Columbus and Franklin County, Ohio to promote Greater Columbus. The Organization also receives support from member and community attendance at programs and special events. The Organization also receives support to assist in reducing the costs of certain publications and the costs associated with attending trade shows and conventions.

**THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS**

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

- J. Federal Income Taxes – The Organization is exempt from federal taxes under Section 501(c)(6) of the Internal Revenue Code.
- K. Advertising Expense – The Company expenses advertising costs as incurred. Advertising expenses were \$796,131 and \$722,980 for 2004 and 2003, respectively.

Note 3. Concentration of Credit Risk

The Organization maintains its cash in three accounts with one financial institution. The balances, at times, may exceed federally insured limits. Additionally, the Organization has two money market accounts that are not federally insured. At December 31, 2004, the Organization exceeded the federally insured limit by approximately \$1,388,000. The Organization continually monitors its balances to minimize the risk of loss.

Note 4. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2004</u>	<u>2003</u>
Office furniture and equipment	\$ 544,426	\$ 445,836
Computer equipment	485,758	429,989
Leasehold improvements	555,047	451,274
Assets held under capital lease	-	25,409
	1,585,231	1,352,508
Less: accumulated depreciation and amortization	(1,159,785)	(1,028,425)
Property and equipment - net	\$ 425,446	\$ 324,083

Note 5. Line of Credit

The Organization has a \$350,000 line of credit with a bank. Interest is payable monthly at prime. The agreement expires in June 2005. The line is secured by substantially all assets of the Organization. The Organization had no borrowings at December 31, 2004 and 2003.

Note 6. Retirement Liability

The Organization has a contract with a retired president for non-qualified retirement benefits. The past president is to receive, for the remainder of his life, an annual amount from the Organization (payable monthly) of \$22,000. The Organization's liability was \$40,061 at December 31, 2004 and 2003.

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Retirement Liability (Continued)

During 2003, the investments for this retirement plan were in a custodial account maintained by the Huntington National Bank of Columbus. During 2004, the Organization closed the custodial account, and now remits payments directly to the retired president.

Note 7. Contributed Services Income

Contributed services are as follows:

	<u>2004</u>	<u>2003</u>
Convention marketing		
Travel, lodging, meals and incidentals	\$ 33,788	\$ 47,270
Decorating fees	1,150	7,000
Production costs	95,925	56,728
Facility fee	15,149	4,519
	<u>146,012</u>	<u>115,517</u>
Tourism marketing		
Visitors center - rent	25,584	37,536
Travel, lodging, meal and incidentals	4,052	1,397
	<u>29,636</u>	<u>38,933</u>
Communications and public relations		
Facility fees	4,060	2,150
Decorating fees	-	250
Production costs	22,967	44,127
Advertising	33,120	-
Event promotional supplies	-	945
Travel, lodging, meals and incidentals	2,083	10,793
	<u>62,230</u>	<u>58,265</u>
Management and general		
Van lease	11,400	11,400
	<u>11,400</u>	<u>11,400</u>
Total	\$ <u>249,278</u>	\$ <u>224,115</u>

THE GREATER COLUMBUS CONVENTION & VISITORS BUREAU
dba EXPERIENCE COLUMBUS

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Retirement Plan

The Organization has a 401(k) retirement plan that covers all eligible employees. Eligible employees may elect to defer receipt of a portion of their annual wages as a contribution to the Plan. The Organization contributes, on behalf of each eligible participant, a discretionary matching contribution equal to 75% of salary reductions up to 6% of compensation. The Organization also contributes 5% of each participating individual's compensation to the Plan. The Organization may make additional contributions to the Plan at the discretion of the Board of Trustees. Expense related to this plan was \$165,670 and \$153,162 in 2004 and 2003, respectively.

The Organization also has a self-funded disability plan providing for benefits if an employee is unable to work for medical reasons. The Plan provides benefits of 66% of the employee's current salary for the period of disability, not to exceed eight weeks. Disability payments of \$3,755 were paid in 2004. No disability payments were made in 2003.

Note 9. Lease Commitments

The Organization had capital lease agreements for various office equipment. The lease matured during 2004. Interest expense relating to these leases was \$110 and \$500 in 2004 and 2003, respectively.

The Organization also leases facilities under operating leases expiring through November 2007. The facilities leases contain an option to renew for two additional five-year periods. Rent expense was \$279,106 and \$288,154 in 2004 and 2003, respectively.

Future minimum annual lease payments are as follows:

	Operating <u>Leases</u>
2005	\$ 235,746
2006	237,924
2007	<u>108,639</u>
	\$ <u><u>582,309</u></u>

SUPPLEMENTARY INFORMATION



HAUSSER & TAYLOR LLC

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To the Board of Trustees
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
Columbus, Ohio

**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**

We have audited the financial statements of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus as of and for the year ended December 31, 2004, and have issued our report thereon dated February 25, 2005. 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 Greater Columbus Convention and Visitors Bureau, dba Experience Columbus' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the board of trustees, management and the City of Columbus, Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Columbus, Ohio
February 25, 2005

Hausser + Taylor LLC



**Auditor of State
Betty Montgomery**

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GREATER COLUMBUS CONVENTION AND VISITORS 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
JUNE 28, 2005**