

**GROVE CITY AREA CONVENTION & VISITORS BUREAU
FRANKLIN COUNTY, OHIO**

**FINANCIAL STATEMENTS
(AUDITED)**

FOR THE YEAR ENDED DECEMBER 31, 2018



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Board of Directors
Grove City Area Convention & Visitors Bureau
3995 Broadway, Suite 100
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Grove City Area Convention & Visitors Bureau, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Grove City Area Convention & Visitors Bureau is responsible for compliance with these laws and regulations

Keith Faber
Auditor of State
Columbus, Ohio

July 22, 2019

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**GROVE CITY AREA CONVENTION & VISITORS BUREAU
FRANKLIN COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Grove City Area Convention & Visitors Bureau
Franklin County
3995 Broadway, Suite 100
Grove City, Ohio 43123

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the Grove City Area Convention & Visitors Bureau, Franklin County, Ohio, (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows, for the year then ended, 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 the modified cash accounting basis Note 1 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 Grove City Area Convention & Visitors 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 Grove City Area Convention & Visitors Bureau's internal control. Accordingly, we express no such 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grove City Area Convention & Visitors Bureau, Franklin County, Ohio, as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting basis described in Note 1.

Accounting Basis

We draw attention to Note 1 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of the Grove City Area Convention & Visitors 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 Grove City Area Convention & Visitors Bureau's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 27, 2019

FINANCIAL STATEMENTS

**GROVE CITY AREA CONVENTION & VISITORS BUREAU
FRANKLIN COUNTY, OHIO**

STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2018

Assets:

Current assets:

Equity in cash and cash equivalents \$ 195,541

Total current assets 195,541

Property & equipment:

Property and Equipment 33,720

Less: Accumulated Depreciation (28,998)

Net property & equipment 4,722

Total assets \$ 200,263

Net assets:

Without donor restrictions 200,263

Total net assets \$ 200,263

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GROVE CITY AREA CONVENTION & VISITORS BUREAU
FRANKLIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES
- MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions
Revenues:	
Bed Tax	\$ 415,096
Interest income	1,587
Other income	8,674
Total Revenues	425,357
Functional Expenses:	
Marketing and Promotion	126,857
Professional Fees	3,846
Travel and Meetings	10,049
Website	14,906
Office Expense	14,396
Wages	161,971
Payroll Taxes	13,041
Payroll Service Fees	1,346
Rent	47,950
Repairs and Maintenance	11,051
Depreciation	2,281
Telephone/Internet	6,425
Dues and Subscriptions	11,863
Insurance	1,795
Employee Benefits	17,043
Utilities	823
Total expenses	445,643
Operating Income (loss)	(20,286)
Change in net assets	(20,286)
Net assets at beginning of year	220,549
Net assets at end of year	\$ 200,263

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GROVE CITY AREA CONVENTION & VISITORS BUREAU
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities:	
Change in net assets	\$ (20,286)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	2,281
Total adjustments	<u>2,281</u>
Net cash provided by (used in) operating activities	<u>(18,005)</u>
Cash flows from capital and related financing activities:	
Purchase of property and equipment	<u>(1,231)</u>
Net cash used in capital and related financing activities	<u>(1,231)</u>
Net increase (decrease) in cash and cash equivalents	(19,236)
Cash and cash equivalents at beginning of year	214,777
Cash and cash equivalents at end of year	<u><u>\$ 195,541</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**GROVE CITY AREA CONVENTION & VISITORS BUREAU
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

The Grove City Area Convention and Visitors Bureau (the “Bureau”) is a nonprofit organization incorporated April 7, 1989. The Bureau is dedicated to promoting Grove City as the ideal Central Ohio lodging destination for tourism, business travel and meetings. The Bureau is managed by an eleven-member Board of Trustees who meet six times per year supplemented by committee meetings of four standing committees.

Basis of Accounting

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

Basis of Presentation

The financial statements are presented in accordance with FASB ASC 958, Financial Statements for Not-for-Profit Organizations. Under this standard, the Bureau is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Bureau is required to present a statement of cash flows when a statement of financial position and a statement of activities are reported upon.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Bureaus’ management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Bureau or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Bureau has adjusted the presentation of these statements accordingly, however, its implementation did not have an effect on the Bureau’s net assets.

**GROVE CITY AREA CONVENTION & VISITORS BUREAU
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenue

The Bureau's primary source of revenue comes from the local bed tax. This excise tax is a 6% tax paid by transient guests for lodging at hotels in Grove City. Twenty-five percent (25%) of the revenue from the tax levied is contributed to the Bureau. The City of Grove City does not place any restrictions on the funds contributed to the Bureau, other than for the promotion and publicizing of the City of Grove City as a desirable location for conventions, trade shows and similar events to encourage the patronage and business of cultural, educational, religious, professional, sports and other activities to utilize the City of Grove City. Per the Bureaus' Articles of Incorporation, the organization promotes the City of Grove City improving the business conditions of the City by bringing businesses, conventions, and visitors into the City.

Allocation of Functional Expenses

The Bureau's expenses are reported and categorized based upon their functional classifications. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. During the year ended December 31, 2018, the Bureau operated with only one function, to promote the City of Grove City per their incorporated status as a nonprofit organization.

Property, Equipment and Leasehold Improvements

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

Income Taxes

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Bureau to concentrations of credit risk consist principally of cash balances. The Bureau maintains cash balances in two different financial institutions located in Columbus, Ohio. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, there were no uninsured cash balances at the financial institutions.

Use of Estimates

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

Advertising, Promotion and Marketing

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

**GROVE CITY AREA CONVENTION & VISITORS BUREAU
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Subsequent Events

Subsequent events have been evaluated through June 27, 2019, which is the date the financial statements were available to be issued.

NOTE 2 - LEASE

In February 2018 the Bureau moved to a location in downtown Grove City. The location serves as a Visitor Center, offices for Bureau staff and as of June 15, 2018, a retail shop offering adventure gear, jewelry made by locals, artwork by local artists, books by local authors and more. The term of the lease shall be five (5) years commencing on February 1, 2018 and shall continue for five full years and/or until the final day of January 31, 2023. Annual rent is \$4,000 for the first year, (1st Month rent and last month rent of lease was paid November 2017 when lease was signed); 2nd year is \$4,220 per month; 3rd year is \$4,452 per month, 4th year is 4,697 per month and 5th year is \$4,955 per month.

NOTE 3 - BED TAX REVENUE

As stated in Note 1, the Bureau records its revenue on a modified cash basis. For the year ended December 31, 2018, bed tax revenue included \$61,534 from collections from the City of Grove City for the months of November and December 2017.

NOTE 4 - CONCENTRATION OF RISK

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

NOTE 5 - AVAILABILITY AND LIQUIDITY

The Bureau has cash and cash equivalents of \$195,541 available to meet general expenses over the next twelve months. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenses within one year of the statement of financial position date. The Bureau's goal is generally to maintain financial assets to meet two months (60 days) of operating and program expenses, which is approximately \$74,274.

The Bureau's financial assets are structured to be available as general expenses, liabilities and other obligations come due. As part of its liquidity management, the Bureau invests cash in excess in a CD.

**GROVE CITY AREA CONVENTION & VISITORS BUREAU
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 6 - PROPERTY AND EQUIPMENT

Property and Equipment activity for the year ended December 31, 2018 was as follows:

	<u>Balance</u> <u>1/1/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/18</u>
Property and Equipment Being Depreciated:				
Furniture & Fixtures	<u>32,489</u>	<u>1,231</u>	<u>-</u>	<u>33,720</u>
Total Property and Equipment Being Depreciated	<u>32,489</u>	<u>1,231</u>	<u>-</u>	<u>33,720</u>
Less: Accumulated Depreciation				
Furniture & Fixtures	<u>(26,717)</u>	<u>(2,281)</u>	<u>-</u>	<u>(28,998)</u>
Total accumulated depreciation	<u>(26,717)</u>	<u>(2,281)</u>	<u>-</u>	<u>(28,998)</u>
 Total Property and Equipment, Net	 <u>\$ 5,772</u>	 <u>\$ (1,050)</u>	 <u>\$ -</u>	 <u>\$ 4,722</u>

NOTE 7 - CONTINGENCIES

A. Litigation

The Bureau is involved in no material litigation as either a plaintiff or defendant.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Grove City Area Convention & Visitors Bureau
Franklin County
3995 Broadway, Suite 100
Grove City, Ohio 43123

To the Board of Trustees:

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 Grove City Area Convention & Visitors Bureau, Franklin County, Ohio, (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2018, 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 27, 2019, wherein we noted the Grove City Area Convention & Visitors Bureau uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Grove City Area Convention & Visitors 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 Grove City Area Convention & Visitors 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 Grove City Area Convention & Visitors 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 Grove City Area Convention & Visitors 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 Grove City Area Convention & Visitors Bureau's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Grove City Area Convention & Visitors Bureau's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
June 27, 2019

OHIO AUDITOR OF STATE KEITH FABER



GROVE CITY AREA 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
AUGUST 1, 2019**