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LAKE COUNTY VISITORS BUREAU

**FINANCIAL STATEMENTS
and SUPPLEMENTARY INFORMATION**

For the Years Ended December 31, 1999 and 1998

LAKE COUNTY VISITORS BUREAU

YEARS ENDED DECEMBER 31, 1999 and 1998

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Lake County Visitors Bureau

We have reviewed the Independent Auditor's Report of the Lake County Visitors Bureau, Lake County, prepared by Daniel Kane & Co., for the audit period January 1, 1999 through December 31, 1999. 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 Lake County Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized flourish.

JIM PETRO
Auditor of State

April 4, 2000



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lake County Visitors Bureau

We have audited the accompanying statement of financial position of Lake County Visitors Bureau (a nonprofit organization) as of December 31, 1999 and December 31, 1998, the related statement of activities for the years then ended, and the statement of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller 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 the 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 Lake County Visitors Bureau as of December 31, 1999 and December 31, 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 23, 2000 on our consideration of Lake County Visitors Bureau's compliance and internal control over financial reporting.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of expenses on pages 9-11 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Daniel Kane & Co.
Mentor, Ohio
March 23, 2000

Daniel D. Kane, CPA
Over 25 years of experience

MEMBER:

American Institute of CPAs, Ohio Society of CPAs, Cleveland Council on World Affairs, World Trade Association



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Lake County Visitors Bureau

We have audited the financial statements of Lake County Visitors Bureau (a nonprofit organization) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lake County Visitors Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lake County Visitors Bureau's 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 assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited

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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.

This report is intended for the information of the Board of Directors, management and State of Ohio Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.

Daniel Kane & Co.

Mentor, Ohio
March 23, 2000

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION

ASSETS

| | December 31, | |
|-------------------------------|------------------|------------------|
| | 1999 | 1998 |
| CURRENT ASSETS | | |
| Cash | \$152,774 | \$115,603 |
| Bed tax receivable | 22,280 | 21,555 |
| Prepaid advertising | 7,000 | --- |
| Prepaid postage | 2,015 | 3,708 |
| | | |
| TOTAL CURRENT ASSETS | <u>184,069</u> | <u>140,866</u> |
| | | |
| FIXED ASSETS | | |
| Office furniture & equipment | 28,583 | 28,583 |
| Vehicles | 17,211 | 17,211 |
| | | |
| | 45,794 | 45,794 |
| Less accumulated depreciation | <u>27,926</u> | <u>20,040</u> |
| | | |
| NET FIXED ASSETS | <u>17,868</u> | <u>25,754</u> |
| | | |
| OTHER ASSETS | | |
| Investments | <u>29,824</u> | <u>23,559</u> |
| | | |
| TOTAL OTHER ASSETS | <u>29,824</u> | <u>23,559</u> |
| | | |
| TOTAL ASSETS | <u>\$231,760</u> | <u>\$190,178</u> |

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND NET ASSETS

| | December 31, | |
|-----------------------------------|--------------|-----------|
| | 1999 | 1998 |
| CURRENT LIABILITIES | | |
| Accounts payable | \$249 | \$320 |
| Retirement plan payable | 1,702 | 1,611 |
| Payroll taxes payable | 2,082 | 2,169 |
| Current portion of long term debt | 1,261 | 1,143 |
| TOTAL CURRENT LIABILITIES | 5,295 | 5,243 |
| LONG TERM LIABILITIES | | |
| Lease obligation | 3,402 | 4,545 |
| Less current portion above | (1,261) | (1,143) |
| TOTAL LONG TERM LIABILITIES | 2,141 | 3,402 |
| TOTAL LIABILITIES | 7,436 | 8,645 |
| NET ASSETS | | |
| UNRESTRICTED: | | |
| General | 194,501 | 157,975 |
| Board designated | 29,824 | 23,559 |
| TOTAL NET ASSETS | 224,324 | 181,533 |
| TOTAL LIABILITIES AND NET ASSETS | \$231,760 | \$190,178 |

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES

| | December 31, | |
|--|------------------|------------------|
| | 1999 | 1998 |
| REVENUES | | |
| Bed tax | \$347,137 | \$300,615 |
| Dues | 8,085 | 6,198 |
| Donations | 5,000 | -- |
| Interest income | 3,445 | 3,752 |
| Miscellaneous | 300 | 948 |
| Capital Gain (Loss) | 3,350 | -- |
| Perch Fest Receipts | 43,583 | 45,482 |
| Unrealized Gain (Loss) | 2,915 | 3,599 |
| | <u>413,814</u> | <u>360,594</u> |
| TOTAL REVENUES | | |
| EXPENSES | | |
| Administrative | | |
| Administrative -- other | 84,097 | 86,476 |
| Salaries, fringes & taxes | 114,273 | 115,420 |
| Programs | | |
| Motorcoach market | 4,364 | 6,170 |
| Promotion | 16,571 | 17,918 |
| Shows & special events | 20,507 | 15,286 |
| Perch Festival | 83,699 | 63,289 |
| Community awareness | 1,163 | 1,163 |
| Media & communications | 7,712 | 5,584 |
| Association dues | 4,275 | 5,645 |
| Advertising | 34,362 | 35,508 |
| | <u>371,023</u> | <u>352,458</u> |
| TOTAL EXPENSES | | |
| CHANGE IN NET ASSETS | 42,791 | 8,136 |
| NET ASSETS -- As of beginning of year | <u>181,533</u> | <u>173,396</u> |
| NET ASSETS -- As of end of year | <u>\$224,324</u> | <u>\$181,533</u> |

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF CASH FLOWS

| | <u>December 31,</u> | |
|---|---------------------|------------------|
| | <u>1999</u> | <u>1998</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$42,791 | \$8,136 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 7,886 | 7,649 |
| Loss on disposal of fixed assets | 0 | 0 |
| Changes in current assets and liabilities | | |
| (Increase) decrease in bed tax receivable | (725) | 653 |
| (Increase) decrease in prepaids & deposits | (5,307) | (1,654) |
| (Decrease) increase in accounts payable | (71) | (7,310) |
| (Decrease) increase in retirement plan payable | 91 | 289 |
| (Decrease) increase in payroll taxes payable | (87) | 72 |
| NET CASH PROVIDED BY (USED) BY OPERATING ACTIVITIES | <u>44,578</u> | <u>7,835</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sales (Purchases) of Assets | | |
| Office furniture & equipment | 0 | (7,287) |
| Vehicles | 0 | 0 |
| NET CASH USED BY INVESTING ACTIVITIES | <u>0</u> | <u>(7,287)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments made on Capital Lease | (1,143) | (1,035) |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | <u>(1,143)</u> | <u>(1,035)</u> |
| NET (DECREASE) INCREASE IN CASH | 43,436 | (487) |
| CASH AT BEGINNING OF YEAR | <u>139,162</u> | <u>139,646</u> |
| CASH AT END OF YEAR | <u>\$182,598</u> | <u>\$139,162</u> |
| SUPPLEMENTAL DISCLOSURES | | |
| Noncash Investing and Financing Transactions | | |
| Capital lease obligation incurred for use of equipment | <u>\$0</u> | <u>\$0</u> |

See accompanying notes to financial statements

SUPPLEMENTARY INFORMATION

LAKE COUNTY VISITORS BUREAU
Notes to Financial Statements
For the Years ended December 31, 1999 and 1998

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Lake County Visitors Bureau (the Bureau) was formed to encourage economic development of Lake County, Ohio through the promotion of tourism by advertising, educational and informational means and public relations. The Bureau's support comes mainly, approximately 95%, from a Hotel/Motel bed tax, which is administrated by Lake County. In addition as a membership organization the Bureau receives support from members' dues and volunteerism.

The Bureau is a nonprofit organization as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes.

Estimates

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

Depreciation and Amortization

Furniture and equipment are being depreciated over estimated useful lives of five to ten years using a straight line method, with number of month's depreciation recognized in the years of acquisition and disposal.

NOTE 2: INVESTMENTS

As of December 31, 1999 the Bureau has invested in a mutual fund. Dividends are recorded as earned and the investment is adjusted to market value monthly. The account is an unrestricted Board Designated asset for a building fund.

For purposes of the statement of cash flows, the investment account is included as a cash equivalent.

NOTE 3: BOARD DESIGNATED FUNDS

The Board has designated the investment account as its building fund, being reserved for the purpose of building or acquiring its own offices at a future date.

NOTE 4: OPERATING LEASE COMMITMENT

The Bureau has no written lease for its offices. As of December, 1999 the Bureau pays \$1,181 rent on a monthly basis. The total office rent expense for 1999 and 1998 was \$14,175 and \$14,175, respectively.

The Bureau also leases office equipment under two non-cancelable operating leases with terms of 36 months and 66 months. The lease payments are accounted for as office equipment expense and totaled \$6,080 and \$6,352 in 1999 and 1998, respectively. The following is a schedule of future minimum rental payments required under the above office equipment operating leases as of December 31, 1999:

| | |
|------|--------------|
| 2000 | 6,080 |
| 2001 | 1,601 |
| 2002 | 800 |
| | <u>8,481</u> |

NOTE 5: CAPITAL LEASES

The Bureau leases office equipment under a capital lease arrangement. The cost of the equipment is \$6,518, which is financed over a period of 66 months at an annual interest rate of 10%. Payments of \$389 are made quarterly. Interest expense in 1999 and 1998 was \$413 and \$294. Future obligations over the primary terms of the Company's long-term lease as of December 31, 1999, are as follows:

| | |
|------|-----------------|
| 2000 | 1,261 |
| 2001 | 1,392 |
| 2002 | 749 |
| | <u>\$ 3,402</u> |

NOTE 6: EMPLOYEE BENEFIT PLAN

The Bureau has a defined contribution simplified employee pension ("SEP") plan for which it deposits 7% of each eligible employee's salary to his or her respective retirement account. There was \$70 and \$70 of SEP plan expenses in 1999 and 1998 and contributions of \$6,318 and \$6,052.

NOTE 7: DONATED SERVICES

The Bureau receives a significant amount of donated services from unpaid volunteers who assist in special projects and exhibitions. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 8: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. However certain administrative costs have not been allocated among the programs benefited.

NOTE 9: CONCENTRATIONS OF CREDIT RISK

The Bureau maintains its cash balances in one financial institution located in Painesville, Ohio. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 1999, the Bureau's uninsured cash balances total \$52,774.

LAKE COUNTY VISITORS BUREAU
SCHEDULES OF EXPENSES

| | December 31, | |
|--|------------------|------------------|
| | 1999 | 1998 |
| ADMINISTRATIVE | | |
| Annual meeting | \$3,245 | \$1,643 |
| Bank charges | 74 | 159 |
| Board meetings | 266 | 1,433 |
| Computer expenses | 110 | 1,782 |
| Depreciation | 7,886 | 7,649 |
| Entertainment & gifts | 2,313 | 2,374 |
| Insurance | 3,871 | 2,660 |
| Interest | 465 | 520 |
| Maintenance | 1,648 | 636 |
| Miscellaneous | 10 | 80 |
| Office cleaning | 1,694 | 1,480 |
| Office equipment | 9,075 | 7,321 |
| Office supplies | 7,967 | 12,142 |
| Postage | 14,806 | 15,154 |
| Professional fees | 5,362 | 5,639 |
| State Audit fees | 5,000 | 5,125 |
| Promotion -- travel | 341 | 463 |
| Rent & utilities | 14,175 | 14,175 |
| Telephone | 4,827 | 4,852 |
| Vehicle -- reimbursed expenses | 332 | 291 |
| Vehicle expense | 631 | 899 |
| | <u>\$84,097</u> | <u>\$86,476</u> |
| TOTAL ADMINISTRATIVE | | |
| SALARIES, FRINGES & TAXES | | |
| Salaries | 91,000 | 88,691 |
| Part - time help | 3,134 | 6,815 |
| Health insurance | 6,347 | 6,006 |
| Payroll taxes | 7,475 | 7,856 |
| Retirement plan | 6,318 | 6,052 |
| | <u>\$114,273</u> | <u>\$115,420</u> |
| TOTAL SALARIES, FRINGES & TAXES | | |

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
SCHEDULES OF EXPENSES

| | December 31, | |
|-----------------------------------|-----------------|-----------------|
| | 1999 | 1998 |
| MOTORCOACH MARKET | | |
| FAM Tours | \$348 | \$3,849 |
| Heartland Travel Showcase | 1,690 | 2,020 |
| NTA Exchange | 813 | 40 |
| OMCA Fall Market Place | 1,104 | -- |
| Miscellaneous Motorcoach | 408 | 260 |
| | <u>\$4,364</u> | <u>\$6,170</u> |
| TOTAL MOTORCOACH MARKET | | |
| | | |
| PROMOTION | | |
| 1-800-BUCKEYE | \$480 | \$0 |
| Calendar of events | 1,756 | 4,427 |
| L.C.V.B. Guide | 6,868 | 6,943 |
| Misc. promotion | 316 | 2,562 |
| Promotional items | 4,190 | 3,501 |
| Direct Mail | 200 | -- |
| Video Update | 500 | -- |
| Lake County internet web site | 1,856 | 485 |
| Literature rack fee | 405 | -- |
| | <u>\$16,571</u> | <u>\$17,918</u> |
| TOTAL PROMOTION | | |
| | | |
| SHOWS & SPECIAL EVENTS | | |
| Allegheny Sport Show | \$1,934 | \$1,685 |
| AM-CAN Sport Show | 2,008 | 1,300 |
| Boat Show | 244 | 172 |
| Bowling Tournament | 1,430 | 739 |
| Home & Flower Show | 1,222 | 3,398 |
| Lake County Fair | 150 | 180 |
| Ohio State Fair | 250 | 175 |
| Vintage Ohio | 2,595 | 2,896 |
| Other Community Events | 5,231 | -- |
| Sportsman Quest Walleye | 941 | -- |
| Cleveland Nike Open | 1,500 | 1,500 |
| Ohio Men Bowling | -- | 154 |
| Misc. shows & events | 3,002 | 3,089 |
| | <u>\$20,507</u> | <u>\$15,286</u> |
| TOTAL SHOWS & EVENTS | | |

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
SCHEDULES OF EXPENSES

| | December 31, | |
|--------------------------------------|-----------------|-----------------|
| | 1999 | 1998 |
| MEDIA & COMMUNICATIONS | | |
| Lake County Trout Fishing FAM | \$816 | \$1,148 |
| Graphic design | 3,863 | 4,196 |
| Photo file | 1,034 | 240 |
| PR Newswire | 120 | -- |
| Writers FAM | 1,879 | -- |
| | <u>1,879</u> | <u>--</u> |
| TOTAL MEDIA & COMMUNICATIONS | <u>\$7,712</u> | <u>\$5,584</u> |
| ASSOCIATION DUES | | |
| Lake County Development | \$65 | \$120 |
| Midwest Travel Writers | 125 | 415 |
| NTA | 1,495 | 985 |
| OACVB | 1,125 | 1,125 |
| Greater Cleveland Growth Association | 450 | -- |
| OTA | 225 | 225 |
| OMCA | -- | 550 |
| PRSA | 295 | 570 |
| WRTC | 125 | 125 |
| Miscellaneous | 370 | 1,530 |
| | <u>370</u> | <u>1,530</u> |
| TOTAL ASSOCIATION DUES | <u>\$4,275</u> | <u>\$5,645</u> |
| ADVERTISING | | |
| City Visitor | \$2,190 | \$6,205 |
| Lake Erie Escapades | 5,000 | 5,000 |
| Miscellaneous advertising | 10,260 | 7,397 |
| Ohio Pass | 3,628 | 4,940 |
| USA Today Weekend | 6,731 | 6,367 |
| I-90 Billboard | 4,502 | 4,316 |
| Plain Dealer | -- | 333 |
| Meeting Planner Guide | 950 | 950 |
| Handbook of Travel Brochures | 1,100 | -- |
| | <u>1,100</u> | <u>--</u> |
| TOTAL ADVERTISING | <u>\$34,362</u> | <u>\$35,508</u> |

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
 PERCH FEST STATEMENTS OF OPERATIONS
 OR THE YEARS ENDED DECEMBER 31, 1999 and 1998

| | December 31, | |
|--|-------------------|-------------------|
| | <u>1999</u> | <u>1998</u> |
| RECEIPTS: | | |
| Donations | \$24,525 | \$31,025 |
| Vendor Fees | 11,124 | 7,325 |
| Tournament Permit Fees | 3,732 | 1,815 |
| Beer Vendor | 4,201 | 5,318 |
| Total Receipts | <u>\$43,583</u> | <u>\$45,482</u> |
| DISBURSEMENTS: | | |
| Advertising & Promotion | \$24,580 | \$21,685 |
| Rentals | 13,865 | 8,485 |
| Electrical | 8,928 | 4,865 |
| Permits | 185 | 185 |
| Supplies & Site Expenses | 3,855 | 7,722 |
| Beer | 4,201 | |
| Catering | 5,000 | 0 |
| Waste | 0 | 403 |
| Security | 6,171 | 2,846 |
| Fishing Tournament Costs & Prizes | 3,880 | 3,661 |
| Entertainment | 4,680 | 6,300 |
| Sponsorship | 0 | 3,000 |
| Management/Fundraising Fee | 8,298 | 4,000 |
| Bank Fees | 56 | 162 |
| Miscellaneous | 0 | (24) |
| | <u>83,699</u> | <u>63,289</u> |
| NET DISBURSEMENTS IN EXCESS OF RECEIPTS | <u>(\$40,116)</u> | <u>(\$17,807)</u> |

See accompanying notes to financial statements



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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LAKE COUNTY VISITORS BUREAU

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.

By: Susan Babbitt

Date: APRIL 18, 2000