

FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

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

December 31, 2000 and 1999



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

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Board of Trustees
Greater Cincinnati Convention and Visitor's Bureau, Inc.
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We have reviewed the independent auditor's report of the Greater Cincinnati Convention and Visitor's Bureau, Inc., Hamilton County, prepared by Grant Thornton LLP, for the audit period January 1, 2000 through December 31, 2000. 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 Visitor's Bureau, Inc. is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

March 30, 2001

CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	3
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF CHANGES IN NET ASSETS	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Greater Cincinnati Convention and Visitors Bureau, Inc.

We have audited the accompanying statements of financial position of Greater Cincinnati Convention and Visitors Bureau, Inc. as of December 31, 2000 and 1999, and the related statements of changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards 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 of America. 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 Greater Cincinnati Convention and Visitors Bureau, Inc. as of December 31, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2001, in our consideration of the Bureau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of, and should be read in conjunction with, our report on the financial statements.

Grant Thornton LLP

Cincinnati, Ohio
February 28, 2001

Greater Cincinnati Convention and Visitors Bureau, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS	2000	1999
Cash and cash equivalents	\$ 604,270	\$ 804,140
County Hotel/Motel excise tax receivable	1,185,737	1,128,513
Publication and advertising receivable	168,592	215,610
Subscriptions receivable	212,680	270,946
General and suppliers' current and prior year subscriptions and sundry advances (less allowance for doubtful accounts of \$5,000 in 2000 and 1999)	58,866	72,749
Prepaid expenses	<u>120,466</u>	<u>75,304</u>
 TOTAL CURRENT ASSETS	 <u>2,350,611</u>	 <u>2,567,262</u>
 Property, plant and equipment	 383,275	 356,203
Less accumulated depreciation	<u>269,658</u>	<u>188,121</u>
	<u>113,617</u>	<u>168,082</u>
 TOTAL ASSETS	 <u><u>\$ 2,464,228</u></u>	 <u><u>\$ 2,735,344</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 538,865	\$ 625,875
Payroll taxes and amounts withheld from employees' compensation	500	673
Deferred subscription income	<u>336,374</u>	<u>335,357</u>
Total liabilities	<u>875,739</u>	<u>961,905</u>
 Unrestricted net assets	 <u>1,588,489</u>	 <u>1,773,439</u>
 Total unrestricted net assets	 <u>1,588,489</u>	 <u>1,773,439</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,464,228</u></u>	 <u><u>\$ 2,735,344</u></u>

The accompanying notes are an integral part of these statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.

STATEMENT OF CHANGES IN NET ASSETS

For the years ended December 31,

REVENUES	2000	1999
County Hotel/Motel excise tax revenue	\$ 4,785,326	\$ 4,859,199
Income from members' subscriptions	438,328	434,179
Publication and advertising	351,750	355,002
Registration services	60,488	58,258
Member services	-	919
Regional Tourism Partnership	-	32,150
Interest income	18,640	34,810
Other income	6,777	1,512
Total revenues	<u>5,661,309</u>	<u>5,776,029</u>
EXPENSES		
Solicitation	2,424,551	2,533,103
Tourism	1,195,602	1,216,933
Visitor information centers	225,833	324,648
Convention sales & services	469,071	470,159
General and administrative	765,508	821,149
Publication and production	360,540	365,987
Public relations	201,135	204,771
Ohio Center for the Arts	50,000	100,000
Regional Tourism Partnership	93,474	176,728
Research	60,545	368,741
Total expenses	<u>5,846,259</u>	<u>6,582,219</u>
CHANGE IN NET ASSETS	(184,950)	(806,190)
Net assets at beginning of year	<u>1,773,439</u>	<u>2,579,629</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,588,489</u>	<u>\$ 1,773,439</u>

The accompanying notes are an integral part of these statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.

STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2000	1999
Cash provided by (used in) operating activities:		
Change in net assets	\$ (184,950)	\$ (806,190)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	81,537	74,006
Loss from sale of property, plant, and equipment	-	4,070
(Increase) decrease in accounts receivable and advances-net	61,943	(33,998)
(Increase) decrease in prepaid expenses	(45,162)	59,195
Increase (decrease) in accounts payable	(87,010)	142,952
Decrease in payroll taxes and amounts withheld from employees' compensation	(173)	(64,782)
Increase (decrease) in deferred subscription income	<u>1,017</u>	<u>(2,944)</u>
Net cash used in operating activities	(172,798)	(627,691)
Cash provided by (used in) investing activities:		
Purchase of property, plant and equipment	(27,072)	(70,858)
Proceeds from sale of property, plant and equipment	<u>-</u>	<u>2,050</u>
Net cash used in investing activities	<u>(27,072)</u>	<u>(68,808)</u>
Net decrease in cash and cash equivalents	(199,870)	(696,499)
Cash and cash equivalents at beginning of year	<u>804,140</u>	<u>1,500,639</u>
Cash and cash equivalents at end of year	\$ <u>604,270</u>	\$ <u>804,140</u>

The accompanying notes are an integral part of these statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

NOTE A - 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.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

1. 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.

2. Fixed Assets

Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense was \$81,537 and \$74,006 in 2000 and 1999, respectively.

3. Deferred Subscription Income

Deferred income represents billings in the current year that pertain to revenues attributable to the following year.

4. Reclassification

Some prior year amounts have been reclassified to conform with the current year presentation.

NOTE B - REVENUES

The Bureau receives revenues generated from a 3% excise tax on hotel rooms in Hamilton County, Ohio. 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.

NOTE C - CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Bureau to a concentration of credit risk consist of cash. The Bureau maintains cash balances in certain accounts at banks which exceed the Federal Deposit Insurance Corporation (FDIC) limits by approximately \$618,000 at December 31, 2000.

Greater Cincinnati Convention and Visitors Bureau, Inc.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2000 and 1999

NOTE D - LEASES

The Bureau has operating leases for office space, furniture and office equipment and vehicles which expire at various dates through 2001. The future minimum rental commitments as of December 31, 2000 for the noncancelable leases are as follows:

2001	\$58,816
2002	4,698
2003	3,210

Rental expense was \$265,005 and \$263,146 in 2000 and 1999, respectively.

NOTE E - PENSION PLAN

The Bureau has a noncontributory defined contribution pension plan covering all employees who qualify as to age and length of service. The Bureau's policy is to fund pension costs accrued. Pension expense was \$151,118 and \$173,057 in 2000 and 1999, respectively.

NOTE F - DEFERRED COMPENSATION

The Greater Cincinnati Convention and Visitors Bureau provides a nonqualified deferred benefit plan to senior personnel. The purpose of this plan is to extend certain benefits which ordinarily accrue from participation in an eligible deferred compensation plan as described in Section 457 of the Internal Revenue Code of 1986. These funds are maintained in separate trusts and are subject to the claims of the Bureau's general creditors. Employer contributions to this plan were \$6,709 and \$4,889 in 2000 and 1999, respectively.

NOTE G- FUNCTIONAL EXPENSES

The Bureau promotes the Greater Cincinnati area 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:

	2000	1999
Program services	\$5,080,751	\$5,761,070
General and administrative	<u>765,508</u>	<u>821,149</u>
	<u>\$5,846,259</u>	<u>\$6,582,219</u>

NOTE H - INCOME TAX STATUS

The Internal Revenue Service has ruled that the Bureau qualified under Section 501(c)(6) of the Internal Revenue Code (IRC) and has exempt status under present federal income tax law. 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.

**Report on Compliance and on Internal Control over Financial Reporting
Based on Audit of the Financial Statements in Accordance with
Government Auditing Standards**

Board of Directors
Greater Cincinnati Convention and Visitors Bureau, Inc.

We have audited the financial statements of the Greater Cincinnati Convention and Visitors Bureau, Inc. ("the Bureau") as of December 31, 2000 and for the year then ended, and have issued our report thereon dated February 28, 2001. 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 the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 the 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 a material weakness. 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 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 and the Auditor of State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

February 28, 2001



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GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC

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
APRIL 10, 2001**