

LAKE COUNTY VISITORS BUREAU
FINANCIAL STATEMENTS
and SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2000 and 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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To the Board of Directors
Lake County Visitors Bureau
1610 Mentor Avenue
Painesville, Ohio 44077

We have reviewed the independent auditor's report of the Lake County Visitors Bureau, prepared by Daniel Kane & Co., 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 Lake County Visitors Bureau is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 19, 2001

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LAKE COUNTY VISITORS BUREAU

YEARS ENDED DECEMBER 31, 2000 and 1999

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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, 2000 and December 31, 1999, 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, 2000 and December 31, 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 accordance with Government Auditing Standards, we have also issued a report dated February 2, 2001 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
February 2, 2001

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2000	1999
CURRENT ASSETS		
Cash	\$98,808	\$152,774
Bed tax receivable	20,657	22,280
Prepaid advertising	--	7,000
Certificate of Deposit	25,000	--
Prepaid postage	7,680	2,015
TOTAL CURRENT ASSETS	152,145	184,069
FIXED ASSETS		
Office furniture & equipment	30,876	28,583
Vehicles	17,211	17,211
	48,087	45,794
Less accumulated depreciation	35,929	27,926
NET FIXED ASSETS	12,158	17,868
OTHER ASSETS		
Investments	60,977	29,824
TOTAL OTHER ASSETS	60,977	29,824
TOTAL ASSETS	\$225,280	\$231,760

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND NET ASSETS

	December 31,	
	2000	1999
CURRENT LIABILITIES		
Accounts payable	\$779	\$249
Retirement plan payable	1,566	1,702
Payroll taxes payable	2,355	2,082
Current portion of long term debt	1,392	1,261
TOTAL CURRENT LIABILITIES	6,092	5,295
LONG TERM LIABILITIES		
Lease obligation	2,141	3,402
Less current portion above	(1,392)	(1,261)
TOTAL LONG TERM LIABILITIES	749	2,141
TOTAL LIABILITIES	6,841	7,436
NET ASSETS		
UNRESTRICTED:		
General	118,439	194,501
Board designated	100,000	29,824
TOTAL NET ASSETS	218,439	224,324
TOTAL LIABILITIES AND NET ASSETS	\$225,280	\$231,760

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES

	December 31,	
	2000	1999
REVENUES		
Bed tax	\$340,593	\$347,137
Dues	6,440	8,085
Donations	5,000	5,000
Interest income	1,767	3,445
Miscellaneous	40	300
Capital Gain (Loss)	2,789	3,350
Perch Fest Receipts	41,542	43,583
Unrealized Gain (Loss)	(21,636)	2,915
TOTAL REVENUES	376,535	413,814
EXPENSES		
Administrative		
Administrative -- other	83,136	84,097
Salaries, fringes & taxes	120,004	114,273
Programs		
Motorcoach market	5,613	4,364
Promotion	19,617	16,571
Shows & special events	29,336	20,507
Perch Festival	74,773	83,699
Community awareness	2,250	1,163
Media & communications	6,040	7,712
Association dues	2,012	4,275
Advertising	39,639	34,362
TOTAL EXPENSES	382,420	371,023
CHANGE IN NET ASSETS	(5,885)	42,791
NET ASSETS -- As of beginning of year	224,324	181,533
NET ASSETS -- As of end of year	\$218,439	\$224,324

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF CASH FLOWS

	December 31,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	(\$5,885)	\$42,791
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,003	7,886
Loss on disposal of fixed assets	0	0
Changes in current assets and liabilities		
(Increase) decrease in bed tax receivable	1,623	(725)
(Increase) decrease in prepaids & deposits	1,335	(5,307)
(Decrease) increase in accounts payable	530	(71)
(Decrease) increase in retirement plan payable	(136)	91
(Decrease) increase in payroll taxes payable	273	(87)
NET CASH PROVIDED BY (USED) BY OPERATING ACTIVITIES	5,742	44,578
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sales (Purchases) of Assets		
Office furniture & equipment	(2,293)	0
Vehicles	0	0
NET CASH USED BY INVESTING ACTIVITIES	(2,293)	0
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments made on Capital Lease	(1,261)	(1,143)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(1,261)	(1,143)
NET (DECREASE) INCREASE IN CASH	2,188	43,435
CASH AT BEGINNING OF YEAR	182,598	139,162
CASH AT END OF YEAR	\$184,785	\$182,598
 SUPPLEMENTAL DISCLOSURES		
Noncash Investing and Financing Transactions		
Capital lease obligation incurred for use of equipment	\$0	\$0

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
Notes to Financial Statements
For the Years ended December 31, 2000 and 1999

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 86%, 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, 2000 the Bureau has invested in a mutual fund. Dividends are recorded as earned and the investment is adjusted to market value quarterly. The account is an unrestricted Board Designated asset for a building fund (see note 3).

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, 2000 the Bureau pays \$1,241 rent on a monthly basis. The total office rent expense for 2000 and 1999 was \$13,591 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 \$5,982 and \$6,080 in 2000 and 1999, respectively. The following is a schedule of future minimum rental payments required under the above office equipment operating leases as of December 31, 2000:

2001	1,817
2002	4,068
2003	4,068
2004	<u>3,051</u>
Total	<u>13,004</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 for 2000 and 1999 was \$294 and \$413, respectively. Future obligations over the primary terms of the Company's long-term lease as of December 31, 2000, are as follows:

2001	1,392
2002	<u>749</u>
Total	<u>2,141</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 of plan expenses in both 2000 and 1999 and contributions of \$6,837 and \$6,318 respectively.

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, 2000, the Bureau did not have any uninsured cash balances.

SUPPLEMENTARY INFORMATION

LAKE COUNTY VISITORS BUREAU
SCHEDULES OF EXPENSES

	December 31,	
	<u>2000</u>	<u>1999</u>
ADMINISTRATIVE		
Annual meeting	\$2,886	\$3,245
Bank charges	151	74
Board meetings	705	266
Computer expenses	1,130	110
Depreciation	8,003	7,886
Entertainment & gifts	1,849	2,313
Insurance	3,543	3,871
Interest	303	465
Maintenance	--	1,648
Miscellaneous	42	10
Office cleaning	2,140	1,694
Office equipment	7,832	9,075
Office supplies	11,543	7,967
Postage	13,743	14,806
Professional fees	5,272	5,362
State Audit fees	5,000	5,000
Promotion -- travel	215	341
Rent & utilities	13,591	14,175
Telephone	3,558	4,827
Vehicle -- reimbursed expenses	81	332
Vehicle expense	<u>1,550</u>	<u>631</u>
TOTAL ADMINISTRATIVE	<u>\$83,136</u>	<u>\$84,097</u>
SALARIES, FRINGES & TAXES		
Salaries	98,000	91,000
Part - time help	64	3,134
Health insurance	7,132	6,347
Payroll taxes	7,971	7,475
Retirement plan	<u>6,837</u>	<u>6,318</u>
TOTAL SALARIES, FRINGES & TAXES	<u>\$120,004</u>	<u>\$114,273</u>

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
SCHEDULES OF EXPENSES

	December 31,	
	2000	1999
MOTORCOACH MARKET		
FAM Tours	\$344	\$348
Heartland Travel Showcase	1,131	1,690
NTA Exchange	2,168	813
OMCA Fall Market Place	--	1,104
Miscellaneous Motorcoach	1,971	408
TOTAL MOTORCOACH MARKET	\$5,613	\$4,364
 PROMOTION		
1-800-BUCKEYE	\$793	\$480
Calendar of events	1,757	1,756
L.C.V.B. Guide	6,993	6,868
Misc. promotion	2,326	316
Promotional items	3,791	4,190
Direct Mail	989	200
Video Update	2,173	500
Lake County internet web site	796	1,856
Literature rack fee	--	405
TOTAL PROMOTION	\$19,617	\$16,571
 SHOWS & SPECIAL EVENTS		
Allegheny Sport Show	\$6,765	\$1,934
AM-CAN Sport Show	1,881	2,008
Boat Show	267	244
Bowling Tournament	176	1,430
Home & Flower Show	5,934	1,222
Lake County Fair	150	150
Ohio State Fair	300	250
Vintage Ohio	1,182	2,595
Other Community Events	8,092	5,231
Sportsman Quest Walleye	889	941
Cleveland Nike Open	1,500	1,500
Misc. shows & events	2,200	3,002
TOTAL SHOWS & EVENTS	\$29,336	\$20,507

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
SCHEDULES OF EXPENSES

	December 31,	
	<u>2000</u>	<u>1999</u>
MEDIA & COMMUNICATIONS		
Lake County Trout Fishing FAM	\$1,247	\$816
Graphic design	3,182	3,863
Photo file	663	1,034
Midwest Travel Writers	839	--
PR Newswire	--	120
Writers FAM	109	1,879
	<u> </u>	<u> </u>
TOTAL MEDIA & COMMUNICATIONS	<u>\$6,040</u>	<u>\$7,712</u>
ASSOCIATION DUES		
Lake County Development	\$65	\$65
Midwest Travel Writers	102	125
NTA	550	1,495
OACVB	--	1,125
Greater Cleveland Growth Association	450	450
OTA	225	225
OMCA	--	--
PRSA	--	295
WRTC	125	125
Miscellaneous	495	370
	<u> </u>	<u> </u>
TOTAL ASSOCIATION DUES	<u>\$2,012</u>	<u>\$4,275</u>
ADVERTISING		
City Visitor	--	\$2,190
Lake Erie Escapades	6,500	5,000
Miscellaneous advertising	13,949	10,260
Ohio Pass	4,353	3,628
USA Today Weekend	7,143	6,731
I-90 Billboard	3,715	4,502
Crain's Cleveland Business	2,479	--
Meeting Planner Guide	1,500	950
Handbook of Travel Brochures	--	1,100
	<u> </u>	<u> </u>
TOTAL ADVERTISING	<u>\$39,639</u>	<u>\$34,362</u>

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
 PERCH FEST STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED DECEMBER 31, 2000 and 1999

	December 31,	
	2000	1999
RECEIPTS:		
Donations	\$13,670	\$24,525
Vendor Fees	7,125	11,124
Tournament Permit Fees	8,046	3,732
Beer Vendor	12,700	4,201
Total Receipts	\$41,542	\$43,583
DISBURSEMENTS:		
Advertising & Promotion	\$13,341	\$24,580
Rentals	11,463	13,865
Electrical	8,028	8,928
Permits	185	185
Supplies & Site Expenses	2,935	3,855
Beer	4,158	4,201
Catering	550	5,000
Waste	1,769	0
Security	6,766	6,171
Fishing Tournament Costs & Prizes	3,499	3,880
Entertainment	11,940	4,680
Sponsorship	6,042	0
Management/Fundraising Fee	3,776	8,298
Bank Fees	86	56
Miscellaneous	235	0
	74,773	83,699
NET DISBURSEMENTS IN EXCESS OF RECEIPTS	(\$33,231)	(\$40,116)

See accompanying notes to financial statements

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, 2000 and December 31, 1999, and have issued our report thereon dated February 2, 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 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

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
February 2, 2001



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LAKE COUNTY VISITORS BUREAU

LAKE 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 7, 2001**