

LORAIN COUNTY VISITOR'S BUREAU, INC.  
(A NON-PROFIT ORGANIZATION)

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2001 AND 2000

ALAN V. JANUZZI  
CERTIFIED PUBLIC ACCOUNTANT

LORAIN COUNTY VISITOR'S BUREAU, INC.  
(A NON-PROFIT ORGANIZATION)  
AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

To the Board of Trustees of the  
Lorain County Visitor's Bureau, Inc.

We have reviewed the independent auditor's report of the Lorain County Visitor's Bureau, Inc., Lorain County, prepared by Alan V. Januzzi, Certified Public Accountant, for the audit period April 1, 2000 through March 31, 2001. 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 Lorain County Visitor's Bureau, Inc. is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

March 25, 2002

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**TABLE OF CONTENTS**

REPORT OF INDEPENDENT AUDITORS	PAGE 1
STATEMENTS OF FINANCIAL POSITION	PAGE 2
STATEMENTS OF ACTIVITIES	PAGE 3
STATEMENTS OF CASH FLOWS	PAGE 4
NOTES TO FINANCIAL STATEMENTS	PAGE 5
REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS OF FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	PAGE 10

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ALAN V. JANUZZI  
CERTIFIED PUBLIC ACCOUNTANT  
7710 RICE ROAD  
AMHERST, OHIO 44001  
(440) 985-2550

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees of Lorain County  
Visitor's Bureau, Inc.:

I have audited the accompanying statements of financial position of Lorain County Visitor's Bureau, Inc. (a non-profit organization) as of March 31, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lorain County Visitor's Bureau, Inc. as of March 31, 2001 and 2000, 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, I have also issued my report dated May 15, 2001, on my consideration of Lorain County Visitor's Bureau, Inc.'s internal control over financial reporting, and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Alan V. Januzzi, CPA  
Amherst, Ohio  
May 15, 2001

LORAIN COUNTY VISITOR'S BUREAU, INC.  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2001 AND 2000

	3/31/01	3/31/00
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$242,865	\$ 55,598
Investments (Note E)		125,520
Lodging excise tax receivable (Note C)	60,828	59,931
Inventory - promotional material (Note A)	27,032	28,899
	-----	-----
TOTAL CURRENT ASSETS	330,725	269,948
PROPERTY AND EQUIPMENT (Note B) Less accumulated depreciation	151,026 (138,344)	151,026 (127,478)
	-----	-----
NET PROPERTY AND EQUIPMENT	12,682	23,548
OTHER ASSETS		
Deposits	2,389	398
	-----	-----
TOTAL ASSETS	345,805	293,894
	=====	=====
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	3,318	10,730
Payroll taxes withheld & accrued	1,781	3,578
	-----	-----
TOTAL CURRENT LIABILITIES	5,099	14,308
NET ASSETS - UNRESTRICTED	340,706	279,586
	-----	-----
TOTAL LIABILITIES AND NET ASSETS	\$345,805	\$293,894
	=====	=====

See accompanying notes to financial statements.



LORAIN COUNTY VISITOR'S BUREAU, INC.  
 STATEMENTS OF ACTIVITIES  
 YEARS ENDED MARCH 31, 2001 AND 2000

	3/31/01	3/31/00
	-----	-----
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Lodging excise tax revenues (Note C)	\$409,761	\$418,986
Investment income (Note E)	4,032	8,706
Events, sales & reimbursements	5,033	
	-----	-----
TOTAL SUPPORT AND REVENUE	418,826	427,692
EXPENSES		
ADVERTISING AND PROMOTION		
Media advertising	51,605	88,917
Brochures	44,916	52,888
Travel and conventions	1,906	2,833
Promotion	14,751	18,121
Trade shows & events	8,516	6,953
Telephone, postage and supplies	24,376	20,207
	-----	-----
TOTAL ADVERTISING AND PROMOTION	146,070	190,019
SALARIES AND WAGES	113,512	116,251
COLLECTION EXPENSE	13,868	12,950
OFFICE RENT	14,168	13,370
DEPRECIATION (Note B)	10,866	12,214
POSTAGE	2,044	1,400
SUPPLIES	3,083	4,121
PAYROLL TAXES	9,490	6,590
TELEPHONE	2,901	3,592
PROFESSIONAL FEES	7,714	1,732
EQUIPMENT EXPENSE	1,459	4,650
TRAVEL	1,141	1,288
DUES AND SUBSCRIPTIONS	3,639	3,514
UTILITIES	2,670	2,424
INSURANCE	16,523	15,186
AUTOMOBILE EXPENSE	2,655	1,885
CASUAL LABOR	50	234
MAINTENANCE AND REPAIRS	3,486	2,744
CONVENTIONS, SEMINARS AND MEETINGS	1,906	2,833
BANK CHARGES	461	359
PUBLICATIONS		457
	-----	-----
TOTAL EXPENSES	357,706	397,813
	-----	-----
INCREASE (DECREASE) IN NET ASSETS	61,120	29,879
NET ASSETS, BEGINNING OF YEAR	279,586	249,707
	-----	-----
NET ASSETS, END OF YEAR	\$340,706	\$279,586
	=====	=====

See accompanying notes to financial statements.

LORAIN COUNTY VISITOR'S BUREAU, INC.  
 STATEMENTS OF CASH FLOWS  
 YEARS ENDED MARCH 31, 2001 AND 2000

	12 MONTHS 3/31/01 -----	12 MONTHS 3/31/00 -----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 61,120	\$ 29,879
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	10,866	12,214
Realized loss on sale of investments	10,695	
Changes in operating assets & liabilities:		
Unrealized (ap)depreciation in investments		( 2,744)
Decrease (increase) in receivables	( 896)	8,943
Decrease (increase) in inventory	1,867	10,048
Increase (decrease) in accounts payable	( 7,412)	( 10,438)
Increase (decrease) in payroll liabilities	( 1,795)	3
	-----	-----
INCREASE (DECREASE) IN CASH FROM OPERATIONS	74,445	47,905
INVESTING ACTIVITIES		
Increase in deposits	( 2,000)	( 2,773)
Purchase of investments		( 84,739)
Proceeds from sale of investments	114,822	
	-----	-----
CASH USED IN INVESTING ACTIVITIES	112,822	( 87,512)
	-----	-----
NET INCREASE (DECREASE) IN CASH	187,267	( 39,607)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	55,598	95,205
	-----	-----
CASH & CASH EQUIVALENTS, END OF YEAR	\$242,865 =====	\$ 55,598 =====

See accompanying notes to financial statements.

**LORAIN COUNTY VISITOR'S BUREAU, INC.**  
**(A NON-PROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2001 AND 2000**

A. NATURE OF ACTIVITIES AND SUMMARY  
OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF ACTIVITIES

Lorain County Visitor's Bureau, Inc. is an Ohio non-profit corporation exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The corporation was formed to use funds generated in Lorain County from the Hotel Lodging Excise Tax enacted under Resolution 83-492 on April 29, 1982. The corporation's purpose is to promote travel and tourism in Lorain County.

The organization promotes travel and tourism in Lorain County by undertaking numerous activities throughout the year. It spends a substantial amount of its resources in media advertising promoting Lorain County, and in developing brochures promoting the activities and points of interest in the county. Each year, Lorain County Visitor's Bureau, Inc. publishes a Lorain County Visitor's Guide available to those who are interested in visiting Lorain County. The organization also works with other non-profit organizations in other area visitor's bureaus to further its efforts.

On March 21, 1996, Lorain County Visitor's Bureau, Inc. entered into a five-year contract starting April 1, 1996 and ending March 31, 2001. This contract is with the Board of Commissioners of Lorain County, Ohio, and provides that as long as the bed tax exists, and as long as Lorain County Visitor's Bureau, Inc. maintains its existence, it will be the recipient of the bed tax proceeds, after allocations to localities and the collection fee charged by the County Commissioners. The existence of the Lorain County Visitor's Bureau, Inc. does depend on the collection of the lodging excise tax and its contract with the Lorain County Commissioners.

2. BASIS OF ACCOUNTING

The financial statements for Lorain County Visitor's Bureau, Inc. for the years ended March 31, 2001 and 2000 were prepared on the accrual method of accounting.

**LORAIN COUNTY VISITOR'S BUREAU, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**PAGE 2**

3. DONATED SERVICES

Periodically, volunteers provide services to Lorain County Visitor's Bureau, Inc. The value of these services is not recorded in the financial statements since there is no objective method for assigning a monetary value to those services, and they are not considered material in relation to the overall financial operations of the corporation.

4. INVENTORY

Inventory consists of promotional materials such as brochures and guides. Inventory is carried at cost and is relieved on a first-in, first-out basis.

5. CLASSIFICATION

The costs of collecting the Lodging Excise Tax is reflected in the financial statements as "Collection Expense". This represents the cost incurred by the County of Lorain in collecting and distributing the tax.

6. 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.

7. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Office furniture and fixtures are depreciated over a useful life of 7 years. Other equipment is depreciated over 10 years. Leasehold improvements are depreciated over 10 years. Computer equipment is depreciated over 7 years, and automobiles are depreciated over 5 years. Expenses for repairs and maintenance that do not add to the useful life of assets or contribute to their betterment are expensed as repairs and maintenance in the period incurred. The organization capitalizes and depreciates all assets that exceed a certain dollar amount if they have a useful life that extends beyond one year.

8. FINANCIAL STATEMENT PRESENTATION

The organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows. As permitted by this new statement, the organization does not use fund accounting, and has, accordingly, classified its financial statements to present three of the classes of net assets, where required. At March 31, 2001 and 2000, the organization did not have any temporarily or permanently restricted net assets.

9. INCOME TAXES

The organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The organization is not classified as a private foundation. As such, the organization is exempt from certain federal, state and local income taxes.

B. FIXED ASSETS AND DEPRECIATION

Fixed assets are recorded at cost. The basis of the fixed assets are being depreciated over their estimated useful lives using the straight line method of depreciation. The costs and accumulated depreciation of fixed assets at March 31, 2001 and 2000 were as follows:

LORAIN COUNTY VISITOR'S BUREAU, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 PAGE 4

	<u>MARCH 31, 2001</u>	<u>MARCH 31, 2000</u>
Furniture	\$ 21,185	\$ 21,185
Office Equipment	51,198	51,198
Vehicle	17,190	17,190
Signs	3,116	3,116
Radio Station	9,009	9,009
Leasehold		
Improvements	39,830	39,830
Show Equipment	9,498	9,498
	-----	-----
Totals	151,026	151,026
Less: Accumulated		
Depreciation	(138,344)	(127,478)
	-----	-----
Net Fixed Assets	\$ 12,682	\$ 23,548
	=====	=====

Depreciation expense for the years ended March 31, 2001 and 2000 is \$10,866 and \$12,214, respectively.

C. RECEIVABLES AND LODGING EXCISE TAX COLLECTIONS

The operations of Lorain County Visitor's Bureau, Inc. are dependent on the collection of the Lodging Excise Tax. The tax is collected and remitted quarterly. Taxes collected in a given quarter are remitted to Lorain County Visitor's Bureau, Inc. approximately 60 days after the quarter. The amount due to the corporation for the quarter ended March 31, 2001 and 2000 was \$60,828 for 2001 and \$59,931 for 2000.

D. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the organization considers all unrestricted, highly liquid investments with an initial maturity of 120 days or less to be cash equivalents.

Included in cash and cash equivalents at March 31, 2001 are Fannie May repurchase agreements and a certificate of deposit maturing in July, 2001.

LORAIN COUNTY VISITOR'S BUREAU, INC.  
NOTES TO FINANCIAL STATEMENTS  
PAGE 5

E. INVESTMENTS AND INVESTMENT INCOME

Investment income consisted of a realized loss on the sale of a mutual fund in the amount of \$10,695. The organization also generated interest and dividend income in the amount of \$14,727 on its cash equivalents and various investments held throughout the March 31, 2001 year.

F. PROGRAM COSTS

During the March 31, 2001 year, the organization spent a majority of its costs on its only program of promoting tourism in Lorain County. Some of its resources were allocated to administration and supportive services, as follows:

Program expenses	\$331,041
Supportive services	26,665
	-----
TOTAL EXPENSES:	\$357,706
	=====

G. OPTION TO PURCHASE PROPERTY

In March, 2001, Lorain County Visitor's Bureau, Inc. entered into an agreement to purchase property on State Route 58 in Amherst Township for the purpose of constructing a facility. The organization put \$2,000 in escrow with respect to the purchase of the property. The purchase agreement calls for a purchase price of \$225,000, a portion to be paid upon closing, and a balance to be paid over a two-year period in a note to the seller, bearing interest at a rate of 8% per annum. As of March 31, 2001, the purchase of the property had not closed due to certain contingencies in the purchase agreement.

ALAN V. JANUZZI  
CERTIFIED PUBLIC ACCOUNTANT  
7710 RICE ROAD  
AMHERST, OHIO 44001  
(440) 985-2550

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

To the Board of Trustees  
Lorain County Visitor's Bureau, Inc.

I have audited the financial statements of Lorain County Visitor's Bureau, Inc. (a non-profit organization) as of and for the years ended March 31, 2001 and 2000, and have issued my report hereon dated May 15, 2001. I conducted my 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 Lorain County Visitor's Bureau, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclose no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lorain County Visitor's Bureau, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, and not to provide assurance on internal control over financial reporting. My 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 and amounts



**LORAIN COUNTY VISITOR'S BUREAU, INC.**  
**REPORT ON COMPLIANCE AND INTERNAL CONTROLS**  
**PAGE 2**

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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Alan V. Januzzi, CPA  
Amherst, Ohio  
May 15, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**LORAIN COUNTY VISITOR'S BUREAU, INC.**

**LORAIN 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 2, 2002**