

**ZANESVILLE-MUSKINGUM COUNTY
CHAMBER OF COMMERCE
ANNUAL REPORT
December 31, 2001 and 2000**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Zanesville-Muskingum Chamber of Commerce
205 North Fifth St.
Zanesville, Ohio 43701

We have reviewed the Independent Auditor's Report of the Zanesville-Muskingum Chamber of Commerce, Muskingum County, prepared by Norman, Jones, Enlow & Co., for the audit period January 1, 2000 through December 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.

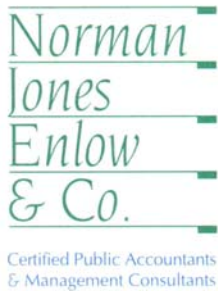
Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Zanesville-Muskingum Chamber of Commerce is responsible for compliance with these laws and regulations.

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JIM PETRO
Auditor of State

July 9, 2002

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Zanesville-Muskingum County
Chamber of Commerce
Zanesville, Ohio**

We have audited the accompanying statements of financial position of Zanesville-Muskingum County Chamber of Commerce (a not-for-profit organization) as of December 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 Chamber's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial standards *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 audits provide 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 the Zanesville-Muskingum County Chamber of Commerce as of December 31, 2001 and 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with accepted accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2002, on our consideration of Zanesville-Muskingum County Chamber of Commerce's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Norman, Jones, Enlow & Co.
Zanesville, Ohio
February 28, 2002

ZANESVILLE-MUSKINGUM COUNTY CHAMBER OF COMMERCE
STATEMENTS OF FINANCIAL POSITION
December 31, 2001 and 2000

	2001	2000
ASSETS		
Cash and cash equivalents	\$ 278,995	\$ 297,110
Accounts receivable	76,784	50,327
Prepaid expenses	5,216	6,807
Cash restricted for Muskingum Growth Partnership activities	37,768	35,845
Furniture and fixtures	58,942	73,704
Long term investments	25,000	25,000
TOTAL ASSETS	\$ 482,705	\$ 488,793
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 7,232	\$ 3,354
Payroll withholdings and taxes payable	194	119
Deferred income	128,986	163,625
TOTAL LIABILITIES	136,412	167,098
NET ASSETS		
Unrestricted	281,455	259,062
Temporarily restricted	64,838	62,633
TOTAL NET ASSETS	346,293	321,695
TOTAL LIABILITIES AND NET ASSETS	\$ 482,705	\$ 488,793

See notes to financial statements.

ZANESVILLE-MUSKINGUM COUNTY CHAMBER OF COMMERCE
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2001 and 2000

	2001	2000
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUE		
Bed tax	\$ 281,829	\$ 280,879
Membership dues	191,382	195,480
Gus Macker tournament	132,600	155,871
Festival of Trees	69,914	68,742
Calendar project	39,440	-
Rental income	17,640	17,640
Interstate billboards	15,000	20,000
Small business grant	15,000	20,000
Muskingum Growth Partnership Appropriations	15,000	10,000
Workers' compensation administration fee	13,490	15,480
Annual meeting	11,515	11,785
Co-op trade show	11,417	12,850
Industrial Safety Council	7,891	8,448
Buyers' Guide income	6,720	-
Pottery attractions co-op income	6,700	5,750
Clay Belt pottery tour	6,038	-
Newsletter sponsorship	4,710	6,690
Direct Mailing Fees	4,400	3,400
Interest income	3,287	2,973
Muskingum antiques consortium income	3,267	4,050
Muskingum River Parkway brochure income	3,150	2,075
Tour income	3,103	4,240
Other income	2,678	5,287
Pottery reunion income	2,631	2,000
Contributions	1,000	3,277
Close out of SBDC grant	-	23,399
Dresden Village Association director reimbursement	-	6,317
Zanesville Downtown Association Grant	-	4,003
MGP Project Management	-	3,000
Web Site Sponsors	-	1,500
TOTAL UNRESTRICTED REVENUE	869,802	895,135
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	44,513	96,949
TOTAL UNRESTRICTED REVENUE AND OTHER SUPPORT	914,315	992,084

See notes to financial statements.

ZANESVILLE-MUSKINGUM COUNTY CHAMBER OF COMMERCE
STATEMENTS OF ACTIVITIES (CONTINUED)
Years Ended December 31, 2001 and 2000

	2001	2000
EXPENSES		
General	\$ 345,002	\$ 363,320
Small Business Development Center	-	37,665
Convention and Visitors' Bureau	354,201	350,929
Muskingum Growth Partnership	44,513	59,284
Miracle on Main Street	851	5,109
Downtown Association	147,355	160,846
TOTAL EXPENSES	891,922	977,151
DECREASE IN UNRESTRICTED NET ASSETS	22,393	14,933
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	45,000	53,500
Grant income	-	7,298
Other income	-	6,092
Interest income	1,718	1,899
Net assets released from restriction	(44,513)	(96,949)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	2,205	(28,160)
INCREASE (DECREASE) IN NET ASSETS	24,598	(13,227)
NET ASSETS AT BEGINNING OF YEAR	321,695	334,922
NET ASSETS AT END OF YEAR	\$ 346,293	\$ 321,695

See notes to financial statements.

ZANESVILLE-MUSKINGUM COUNTY CHAMBER OF COMMERCE
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2001 and 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 24,598	\$ (13,227)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	21,382	23,105
Loss on disposal of fixed asset	-	6,105
(Increase) Decrease in		
Accounts receivable	(26,457)	7,345
Prepaid insurance	582	(1,974)
Prepaid expenses	1,009	(1,078)
Increase (Decrease) in		
Accounts payable	3,878	(11,361)
Payroll taxes	75	(949)
Deferred revenue	(34,639)	38,636
NET CASH PROVIDED BY OPERATING ACTIVITIES	(9,572)	46,603
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in Muskingum Growth Partners investments	(1,923)	(118)
Furniture and fixtures purchases	(6,620)	(7,421)
NET CASH USED BY INVESTING ACTIVITIES	(8,543)	(7,540)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,115)	39,064
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	297,110	258,046
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 278,995	\$ 297,110

See notes to financial statements.

**ZANESVILLE-MUSKINGUM COUNTY CHAMBER OF COMMERCE
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

Business Activity

The Zanesville-Muskingum County Chamber of Commerce (“the Chamber”) is a non-profit organization that aids and promotes new and existing business in the community.

Method of Accounting

These financial statements were prepared on the accrual basis of accounting.

Advertising

The Organization expenses advertising costs as they are incurred.

Unrestricted Net Assets

Unrestricted net assets consist of the following: General Unrestricted, Convention and Visitors’ Bureau, Downtown Association, and Miracle on Main Street.

Revenue Recognition

Support received under grants and contracts with the state and federal government is recorded as public support in the appropriate classification when the related direct costs are incurred. Accounts receivable include amounts due for expenditures incurred prior to year end.

Furniture and Fixtures

Expenditures for property and equipment and for renewals and betterments which extend the originally estimated useful lives of the assets are capitalized. Expenditures for maintenance and repairs of items are charged to expense as unrestricted net assets in the general fund when incurred. At the time of disposal, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in the results of operations.

Assets are depreciated principally by the straight-line method over estimated useful lives of 5 to 30 years.

Deferred Revenues

Dues are recognized as revenue in the year to which they apply. Dues collected in the current year for the subsequent year are recorded as deferred revenues.

Federal Income Tax

For federal income tax purposes, the Zanesville-Muskingum County Chamber of Commerce is exempt from federal income tax under Internal Revenue Code Section 501(c)(6).

Cash and Cash Equivalents

Cash and cash equivalents include deposits and investments with maturities of three months or less.

Accounts Receivable

Accounts receivable are shown at their net realizable value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. PENSION PLAN

The Chamber had a defined contribution, money purchase pension plan during all of 1999 and part of 2000 covering all eligible employees. Contributions are made to equal 10% of participants' compensation. On May 1, 2000 the Chamber adopted a 401(k) deferred compensation plan. All eligible employees may elect to contribute up to 10% of their compensation to the maximum allowed by law. The Chamber will contribute 5% of eligible participant's compensation and will match up to another 5% of eligible employee's deferral. The pension cost for the years ended December 31, 2001 and 2000 was \$25,545 and \$32,691, respectively.

3. INVESTMENTS

In 1992, the Chamber entered into a limited partnership that was formed to acquire, construct, own, operate and lease or sell an industrial building. This investment is carried at cost.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2001 and 2000:

	<u>2001</u>	<u>2000</u>
Muskingum Growth Partnership	\$ 64,838	\$ 62,633
	<u>\$ 64,838</u>	<u>\$ 62,633</u>

Net assets were released from the following restrictions by incurring expenses that satisfy the purpose of the restrictions:

	<u>2001</u>	<u>2000</u>
Muskingum Growth Partnership	\$ 44,513	\$ 59,284
Small Business Development Center	-	37,665
	<u>\$ 44,513</u>	<u>\$ 96,949</u>

5. FURNITURE AND FIXTURES

	<u>2001</u>	<u>2000</u>
Remodeling	\$ 26,212	\$ 26,212
Furniture and equipment	171,588	164,968
	197,800	191,180
Accumulated depreciation	(138,858)	(117,476)
	<u>\$ 58,942</u>	<u>\$ 73,704</u>

6. LEASE

The Chamber leases office space from the Muskingum County Convention Facilities Authority. Per the lease agreement, the Chamber pays no rent for the first 20 years of the lease running from October 3, 1994 through October 2, 2014.

7. CONCENTRATION OF RISK

The Zanesville-Muskingum Chamber of Commerce is a not-for-profit organization located in Zanesville, Ohio and is dependent upon the continued support from the community in which it operates and the economy of the area.

7. CONCENTRATION OF RISK (CONTINUED)

The Chamber maintains cash balances in excess of \$100,000 in banks that are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of December 31, 2001 and 2000, the Chamber has uninsured cash balances of \$115,131 and \$131,135, respectively.



Certified Public Accountants
& Management Consultants

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

**Board of Directors
Zanesville-Muskingum County Chamber of Commerce
Zanesville, Ohio**

We have audited the financial statements of Zanesville-Muskingum County Chamber of Commerce, a not-for-profit organization, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 28, 2002. We conducted our audits 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 Zanesville-Muskingum County Chamber of Commerce'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 audits 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 audits, we considered Zanesville-Muskingum County Chamber of Commerce's internal control over financial reporting in order to determine our auditing procedures for the purposes 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 solely for the information and use of the board of directors, management, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Norman, Jones, Enlow & Co.
Zanesville, Ohio
February 28, 2002



Certified Public Accountants
& Management Consultants

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

**Board of Directors
Zanesville-Muskingum County
Chamber of Commerce
Zanesville, Ohio**

Our reports on our audits of the basic financial statements of Zanesville-Muskingum County Chamber of Commerce as of and for the years ended December 31, 2001 and 2000 appear on page 1. We conducted our audits in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on page 11 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

Norman, Jones, Enlow & Co.
Zanesville, Ohio
February 28, 2002

ZANESVILLE-MUKSINGUM COUNTY CHAMBER OF COMMERCE
SCHEDULE OF REVENUE AND EXPENSES
Years Ended December 31, 2001 and 2000

REVENUE	GENERAL	CVB	MGP	DOWN- TOWN	2001 TOTAL	2000 TOTAL	2000 CVB
Bed tax		\$ 281,829			\$ 281,829	\$ 280,879	\$ 280,878
Membership dues	183,712			7,670	191,382	195,480	
Gus Macker tournament	-			132,600	132,600	155,871	
Festival of trees	69,914				69,914	68,742	
Contributions	-		45,000	1,000	46,000	56,777	3,000
Visitor Guide Income		39,440			39,440	-	
Rental income	17,640				17,640	17,640	
Interstate billboards	-	15,000			15,000	20,000	20,000
Small business grant (DHS)	15,000				15,000	20,000	
Muskingum Growth Partnership appropriations				15,000	15,000	10,000	
Workers compensation administration fee	13,490				13,490	15,480	
Annual meeting	11,515				11,515	11,785	
Co-op trade show		11,417			11,417	12,850	12,850
Industrial safety council	7,891				7,891	8,448	
Buyers guide income	6,720				6,720	-	
Pottery attractions co-op		6,700			6,700	5,750	5,750
Miracle on Main Street income				6,038	6,038	-	
Interest income	2,019	763	1,718	506	5,006	4,871	551
Newsletter sponsorship	4,710				4,710	6,690	
Direct mailing fees	4,400				4,400	3,400	
Muskingum antiques consortium income		3,267			3,267	4,050	4,050
Muskingum river parkway brochure income		3,150			3,150	2,075	2,075
Tour Income		3,103			3,103	4,240	4,240
Other income	1,554	923		200	2,677	11,379	832
Pottery reunion income		2,631			2,631	2,000	2,000
Close out of SBDC grant	-				-	23,399	
Grant income					-	7,298	
Dresden Village Association position reimbursement					-	6,317	6,317
Zanesville Downtown Association Grant					-	4,003	
Muskingum Growth Partnership project management					-	3,000	
Web site sponsors					-	1,500	
TOTAL REVENUE	338,565	368,223	46,718	163,014	916,520	963,924	342,543
EXPENSES							
Salaries	185,178	128,207		19,361	332,746	382,455	138,936
Gus Macker tournament				87,380	87,380	99,297	
Marketing		31,399	13,241	1,415	46,056	54,980	27,940
Visitor Guide expense		39,423			39,423	-	
Postage	12,769	15,223		655	28,647	31,963	16,019
Payroll taxes	16,192	10,193		1,771	28,157	32,520	11,708
Pension plan	16,108	9,085		352	25,545	32,691	10,027
Advertising	297	22,693		822	23,812	27,546	23,620
Group health insurance	12,418	8,703		2,067	23,188	28,888	11,514
Depreciation	9,325	10,037	316	1,704	21,382	23,106	12,205

City Street Signs				15,733	15,733	-	
Muskingum Growth Partnership appropriations			15,397		15,397	10,000	
Office supplies	6,805	6,138		1,560	14,504	22,867	7,086
Festival of trees	12,782				12,782	15,462	
Telephone	5,009	6,473		1,089	12,571	12,549	6,428
Business retention			12,368		12,368	15,179	
Shows and conferences		11,604			11,604	20,304	20,304
Co-op trade show expense		11,419			11,419	11,922	11,922
Maintenance and utilities	6,386	3,743		978	11,106	9,748	2,679
Printing and publications	3,492	3,406		3,129	10,026	10,861	6,837
Newsletter expense	9,704				9,704	12,266	
Dues and subscriptions	2,995	4,966	50	1,131	9,142	7,743	3,745
Membership expense	7,322			1,026	8,348	5,489	
Other operating expenses	7,308		6	413	7,728	6,424	3,000
Annual meeting expense	7,565				7,565	5,829	
Legal and accounting	5,017	2,216			7,233	9,221	5,272
Holiday lights (MOMS)				6,822	6,822	-	
Lease expense	2,304	3,695			6,000	5,798	2,899
Pottery attractions expense		5,913			5,913	5,745	5,745
Janitorial service	4,152	1,139			5,291	5,176	1,139
Muskingum antiques consortium expense		4,674			4,674	4,788	4,788
Safety council	4,465				4,465	3,899	
Tour expense		3,944			3,944	4,469	4,469
Muskingum river parkway brochure expense		3,350			3,350	2,015	2,015
Small business development expense			3,135		3,135	6,420	
Meals and entertainment	1,692	1,098		203	2,993	3,051	992
Comprehensive insurance	2,251	500			2,751	1,345	488
Pottery reunion expense		2,567			2,567	2,811	2,811
Real estate taxes	1,730				1,730	2,870	
Travel	305	1,097		22	1,424	3,442	2,144
Flowers/gifts	390	385			775	887	246
Merchandise purchased		547			547	601	601
Web site expense	215	270			485	2,583	2,583
Education expense	352	80		30	462	1,157	647
Rotary lighting/planter project				426	426	411	
Bank charges	255	12		118	386	394	11
Fidelity bond insurance	219				219	219	109
Close out of SBDC grant					-	23,399	
Loss on disposal of asset					-	6,105	
Buyers guide					-	257	
TOTAL EXPENSES	345,002	354,200	44,513	148,207	891,922	977,152	350,929
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(6,437)	14,021	2,205	14,808	24,598	(13,228)	(8,386)
NET ASSETS-BEGINNING OF YEAR	86,360	134,540	62,633	38,162	321,695	334,923	142,925
NET ASSETS - END OF YEAR	\$ 79,923	\$ 148,561	\$ 64,838	\$ 52,970	\$ 346,293	\$ 321,695	\$ 134,539

See notes to financial statements.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ZANESVILLE-MUSKINGUM COUNTY CHAMBER OF COMMERCE

MUSKINGUM 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 6, 2002**