

**GREATER LICKING COUNTY
CONVENTION AND VISITORS BUREAU**

Audited Financial Statements

*For the period September 1, 2004
through December 31, 2005*



**Auditor of State
Betty Montgomery**

Board of Directors
Greater Licking County Convention and Visitors Bureau
29 South 2nd St.
Newark, OH 43055

We have reviewed the *Independent Auditors' Report* of the Greater Licking County Convention and Visitors Bureau, Licking County, prepared by Rea & Associates, Inc., for the audit period September 1, 2004 through December 31, 2005. 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 Licking County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 7, 2006

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**Greater Licking County
Convention and Visitors Bureau**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 23, 2006

To the Board of Trustees
Greater Licking County Convention and Visitors Bureau
Newark, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of assets and net assets – cash basis of the Greater Licking County Convention and Visitors Bureau (a not-for-profit Organization) as of December 31, 2005 and the related statements of revenue, expenses, and changes in net assets – cash basis for period September 1, 2004 (date of inception) through December 31, 2005. 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 auditing standards generally accepted 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. 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.

As described in Note 1, the Organization prepared these financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of Greater Licking County Convention and Visitors Bureau as of December 31, 2005, and its revenue, expenses and the changes in its net assets for the period September 1, 2004 (date of inception) through December 31, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2006 on our consideration of Greater Licking County Convention and Visitors Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

Rea & Associates, Inc.

Rea & Associates, Inc.

STATEMENT OF ASSETS AND NET ASSETS - CASH BASIS
AS OF DECEMBER 31, 2005

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 175,603
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Total assets	\$ 175,603
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NET ASSETS

NET ASSETS:

Unrestricted	\$ 175,603
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Total net assets	\$ 175,603
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE PERIOD SEPTEMBER 1, 2004 THROUGH DECEMBER 31, 2005

CHANGES IN UNRESTRICTED NET ASSETS

REVENUE AND OTHER SUPPORT:

Receipts from excise tax on lodging	\$ 373,320
Merchandise sales	779
Interest income	1,848
Miscellaneous income	6,826
Cash deposits from Licking County Auditor	123,197
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Total revenue and other support	505,970

EXPENSES:

Salaries	88,251
Payroll related taxes	4,731
Health reimbursement account	7,105
Employee expense reimbursement	4,486
Workers compensation	396
Advertising	83,032
Marketing consulting	35,546
Conferences/trade shows	12,356
Web site management	7,762
Printing	7,585
Postage	6,741
Tourisim marketing grant award	5,550
Association memberships	3,505
Literature distribution	1,715
Travel expenses	1,555
Hospitality	1,483
Public relations networking	1,047
Office equipment	13,147
Office rent	11,400
Organization costs	6,071
Legal and accounting	5,225
Telephone	3,624
Office equipment leases	3,616
Office supplies	3,169
Insurance	2,728
Utilities	1,406
Miscellaneous	7,135
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Total expenses	330,367
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Increase in net assets	175,603
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NET ASSETS, beginning of period balance	<hr/> -
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NET ASSETS, end of year balance	<hr/> <hr/> \$ 175,603
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Greater Licking County Convention and Visitors Bureau (the Organization) was created to promote, develop and encourage interest in tourist attractions in Licking County and to promote Licking as a location for meetings and conventions of various organizations throughout the Ohio area. The Organization began operations September 1, 2004 taking over the operations of the Licking County Convention and Visitors Bureau which was administered by the Licking County Chamber of Commerce.

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Consequently, receipts are recognized when received in cash rather than when earned and disbursements are recognized when a payment is made rather than when a liability is incurred. Accordingly, the accompanying statements of revenue, expenses and changes in net assets is not intended to present the financial position and results of operations in conformity with accounting principles accepted in the United States of America.

Cash and Cash Equivalents

The Organization considers their certificates of deposit with maturities of less than one year to be cash equivalents.

Unrestricted Net Assets

Net assets are resources that are not subject to donor-imposed stipulations.

Income Taxes

The Organization is exempt from Federal Income Tax under Internal Revenue Section 501(c)(6) and therefore has not made any provision for Federal income taxes.

NOTE 2: EQUITY IN POOLED CASH AND INVESTMENTS

The Organization maintains a pool of deposits used by all funds. The carrying amount of cash and deposits at December 31 consisted of the following:

Checking	\$ 87,356
Certificates of deposit	<u>88,247</u>
Total	<u>\$ 175,603</u>

NOTE 3: RELIANCE ON BED TAX REVENUE

The Organization receives a significant amount of its support from a permissive lodging excise tax. The amount of these receipts is solely dependent on the number of hotel rooms in the Licking County, the occupancy rate of those rooms, and the average rental rate. The excise tax is collected by the County Auditors office. The loss of these receipts would have an adverse effect on the Organization's financial condition.

GREATER LICKING COUNTY
CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

NOTE 4: OPERATING LEASE OBLIGATIONS

Office

The Organization currently rents office space on a month to month basis. Rental expense was \$11,400 for period September 1, 2004 through December 31, 2005.

Equipment

The Organization rents office equipment under an operating lease agreement that expires February 2010. Equipment rent expense for the period September 1, 2004 through December 31, 2005 was \$3,616.

The following is a schedule of future minimum rental payments required for equipment operating lease as of December 31, 2005:

<u>Years ending December 31,</u>	<u>Amount</u>
2006	\$ 3,420
2007	3,420
2008	3,420
2009	3,420
2010	570
Total	<u>\$ 14,250</u>

NOTE 5: CASH DEPOSITS FROM LICKING COUNTY AUDITOR

A cancellation of the administrative agreement between the Licking County Chamber of Commerce and the Licking County Convention and Visitors' Bureau caused this Bureau to cease operations, effective August 31, 2004. As part of the winding up of the operations, a cash amount of \$52,572 was paid by the former Bureau on August 11, 2004 to the Licking County Auditor. On October 28, 2004 the Licking County Auditor received a \$61,400 certificate of deposit from the Chamber of Commerce. On March 11, 2005 the Licking County Auditor received the final cash funds from the former Bureau in the amount of \$9,225. The total amount that the Greater Licking County Convention and Visitors Bureau received from the Licking County Auditor was \$123,197.

NOTE 6: ADVERTISING

Costs of advertising and promotion are recognized when paid. The amount charged to advertising expense for the period September 1, 2004 through December 31, 2005 was \$83,032.

The logo for Rea & Associates, Inc. features a teal-colored graphic on the left side, consisting of a vertical bar and a curved shape. To the right of this graphic, the company name "Rea & Associates, Inc." is written in a large, black, serif font. Below the company name, the text "ACCOUNTANTS AND BUSINESS CONSULTANTS" is written in a smaller, black, serif font, separated by a thin horizontal line.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Greater Licking County Convention and Visitors Bureau
Newark, Ohio

We have audited the accompanying statement of assets and net assets of the Greater Licking County Convention and Visitors Bureau (the Organization) as of December 31, 2005 and statement of revenue, expenses and changes in net assets – cash basis for the period September 1, 2004 through December 31, 2005, and have issued our report thereon dated May 23, 2006, wherein we noted that the Organization prepared in financial statements using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Organization'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 opinion 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 reportable 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 caused by error or fraud 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Greater Licking County Convention and Visitors Bureau in a separate letter dated May 23, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management of the Organization, and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.

Rea & Associates, Inc.

May 23, 2006



**Auditor of State
Betty Montgomery**

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GREATER LICKING COUNTY CONVENTION AND VISITORS BUREAU

LICKING 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 17, 2006**