

**Youngstown/Mahoning County
Convention and Visitor's Bureau**

**AUDIT
OF
FINANCIAL STATEMENTS**

**Years ended
December 31, 2004 and 2003**



**Auditor of State
Betty Montgomery**

Board of Directors
Youngstown/Mahoning County Convention & Visitor's Bureau
3620 Starrs Centre Drive
Canfield, Ohio 44406

We have reviewed the *Report of Independent Auditors* of the Youngstown/Mahoning County Convention & Visitor's Bureau, Mahoning County, prepared by Packer Thomas for the audit period January 1, 2003 through December 31, 2004. 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 Youngstown/Mahoning County Convention & Visitor's Bureau is responsible for compliance with these laws and regulations.

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

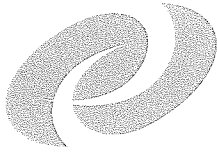
BETTY MONTGOMERY
Auditor of State

May 5, 2006

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PACKER THOMAS

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

REPORT OF INDEPENDENT AUDITORS

BOARD OF DIRECTORS

YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

We have audited the accompanying statement of financial position of Youngstown/Mahoning County Convention and Visitor's Bureau (a nonprofit organization) as of December 31, 2003, and the related statements of activities and cash flows for the year then ended. In addition, we have audited the statement of financial position in liquidation as of December 31, 2004 and the related statements of activities and cash flows in liquidation for the year then ended. These financial statements are the responsibility of the Company'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 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 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 accordance with Government Auditing Standards, we have issued our report dated January 4, 2006 on our consideration of the Youngstown/Mahoning County Convention and Visitor's Bureau'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 audits.

As described in Note 1 to the financial statements, the Bureau is in a liquidation phase as of January 1, 2004. As a result, the Bureau has changed its basis of accounting for 2004 from the going concern basis to a liquidation basis.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Youngstown/Mahoning County Convention and Visitor's Bureau as of December 31, 2003 and the results of its operations and its cash flows for the year then ended and its net assets in liquidation as of December 31, 2004, and the changes in its net assets in liquidation for the year then ended, in conformity with generally accepted accounting principles applied on the bases described in the preceding paragraph.

Youngstown, Ohio
January 4, 2006

Youngstown/Mahoning County Convention & Visitor's Bureau
STATEMENT OF FINANCIAL POSITION

ASSETS	December 31,	
	2004	2003
CURRENT ASSETS		
Cash and cash equivalents	\$ 73,392	\$ 169,137
Accounts receivable	-	113,005
Investments	285,456	608,448
Prepaid expenses	2,365	2,365
TOTAL CURRENT ASSETS	361,213	892,955
PROPERTY AND EQUIPMENT (NET)	2,500	18,998
TOTAL ASSETS	\$ 363,713	\$ 911,953
LIABILITIES		
Accounts payable	\$ -	\$ 44,764
Loan payable	-	140,259
Accrued payroll and related liabilities	3,289	5,747
TOTAL LIABILITIES	3,289	190,770
NET ASSETS		
Unrestricted	360,424	721,183
TOTAL NET ASSETS	360,424	721,183
TOTAL LIABILITIES AND NET ASSETS	\$ 363,713	\$ 911,953

Youngstown/Mahoning County Convention & Visitor's Bureau
STATEMENT OF ACTIVITIES

	Years ended December 31,	
	2004	2003
REVENUES		
Transient occupancy tax	\$ 96	\$ 432,673
Earnings on investments	24,479	52,074
TOTAL UNRESTRICTED REVENUE	24,575	484,747
EXPENSES		
Program	215,990	281,517
Management and general	157,534	178,053
Liquidation value impairment	11,810	-
TOTAL UNRESTRICTED EXPENSES	385,334	459,570
CHANGE IN UNRESTRICTED NET ASSETS	(360,759)	25,177
NET ASSETS AT BEGINNING OF YEAR	721,183	696,006
NET ASSETS AT END OF YEAR	\$ 360,424	\$ 721,183

Youngstown/Mahoning County Convention & Visitor's Bureau
STATEMENT OF CASH FLOWS

	Years ended December 31,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (360,759)	\$ 25,177
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	4,688	4,608
Liquidation value impairment	11,810	-
Unrealized loss (gain) on investments	3,050	(29,504)
Decrease (increase) in operating assets:		
Prepaid expenses	-	(31)
Accounts receivable	113,005	(113,005)
(Decrease) increase in operating liabilities		
Accounts payable	(44,764)	23,054
Accrued payroll and related liabilities	(2,458)	2,789
NET CASH (USED IN) OPERATING ACTIVITIES	(275,428)	(86,912)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	-	(3,750)
Net redemption of investments	319,942	897
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	319,942	(2,853)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments on) Proceeds from short-term financing	(140,259)	140,259
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(140,259)	140,259
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(95,745)	50,494
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	169,137	118,643
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 73,392	\$ 169,137
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 4,207	\$ 659

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

NOTE 1 – DISCONTUANCE OF PROGRAM

The Bureau has been in litigation in regards to the collection of their sole source of revenue, the lodging tax revenues. During 2003, Mahoning County commissioners created a new county agency to operate as a county-run convention and visitor's bureau. Thus, the balance of the prospective lodging tax revenue is being collected and used by the new county-run bureau. As a result, the Bureau no longer has any source of program revenue. Accordingly, the accompanying 2004 financial statements are presented on the liquidation basis of accounting.

NOTE 2 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Youngstown/Mahoning County Convention and Visitor's Bureau is a nonprofit organization established by the Mahoning County Board of Commissioners to promote and encourage tourism in Mahoning County.

The authority to form the Bureau is provided under the Ohio Revised Code which permits the County to levy an excise tax on lodgings furnished to transient guests and expend the receipts of the tax on a convention and visitor's bureau.

Program Services

For financial statement purposes, the Bureau has one program service which is to promote and encourage tourism in Mahoning County.

Program Revenue and Restriction Policies

A majority of revenues are received from Mahoning County through excise taxes levied on lodgings furnished to transient guests of Mahoning County hotels and motels. These monies are treated as unrestricted net assets because the monies are to be used at the discretion of the Bureau, as long as it's to be used to promote tourism in Mahoning County as required by state law.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Bureau 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.

Cash and Cash Equivalents

The Bureau considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Marketable Investments

Investments with readily determinable fair values are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets. Market value is based on publicly quoted values.

Property and Equipment

It is the Bureau's policy to capitalize all expenditures for property and equipment over \$500. The equipment is depreciated using the straight-line method over useful lives ranging from three to ten years.

Income Taxes

The Bureau is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

Expense Allocations

For financial statement purposes, the Bureau charges to program services expenses that can be directly related to the program services as well as a portion of indirect costs.

Management, general, and support services expenses include those expenses that provide overall support and direction of the Bureau.

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2004 and 2003

NOTE 2 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Bureau uses advertising to promote and encourage tourism in Mahoning County. The costs of advertising are charged to expense when incurred. For 2004 and 2003 advertising costs were \$17,700 and \$15,429 respectively.

NOTE 3 – INVESTMENTS (AT FAIR VALUE)

	December 31,	
	2004	2003
Bonds	\$184,258	\$187,307
Stocks	-	109,707
Certificates of Deposit	101,198	311,434
TOTAL	\$285,456	\$608,448
Unrealized(loss) gain	\$(3,050)	\$29,504

The Bureau has two certificates of deposits as of December 31, 2004 with interest rates ranging from 3.00% to 4.40% and maturity dates ranging from January 2005 to March 2006. At December 31, 2003 the Bureau has three certificates of deposit with interest rates ranging from 2.40% to 5.40% and maturity dates ranging from June 2004 to March 2006.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment are recorded at liquidating value for 2004 and at cost for 2003 and consist of the following:

	December 31,	
	2004	2003
Furniture, fixtures, and equipment	\$2,500	\$125,247
Accumulated depreciation	-	(106,249)
Property and Equipment(net)	\$2,500	\$18,998

The liquidation value impairment in 2004 relates to the write down of property and equipment to its estimated liquidation value based on quoted market price from an independent equipment broker. As a result, prior year accumulated depreciation and asset cost was reduced to \$2,500 as of January 1, 2004 and the assets will no longer be depreciated.

NOTE 5 – LOAN PAYABLE

The Company borrowed \$139,900 from a bank in 2003. Interest is at a fixed rate of 6.25%. Principal and accrued interest were due and paid in June 2004.

NOTE 6 – CREDIT CONCENTRATION

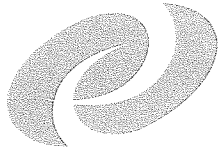
From time to time, the Company may maintain balances in cash accounts in financial institutions which exceed federal depository insurance limits.

NOTE 7 – PENSION

The Company has a Simplified Employee Pension Plan. The plan is a non-contributory defined contribution pension plan for all employees who are at least 21 years of age, have been employed in at least one of the previous five years, and have received at least \$450 of compensation during the year. Contributions to the plan are allocated to the participants based on the ratio of employee's compensation for the year to total eligible compensation for the year. Contributions made by the Company for 2004 and 2003 were \$1,290 and \$3,400, respectively.

NOTE 8 – LEASES

The Bureau leases office space for use in its operations. Monthly payments were \$2,233. The lease expires August 2006 and rent increases in 2005 and annually thereafter based on the Consumer Price Index. Beginning in 2004, the Bureau also leases a storage facility for \$60 a month on a month to month basis. Rent expense for 2004 and 2003 was \$26,267 and \$26,787, respectively.



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

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

BOARD OF DIRECTORS
YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

We have audited the financial statements of the Youngstown/Mahoning County Convention and Visitor's Bureau, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 4, 2006. We conducted our audits 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Youngstown/Mahoning County Convention and Visitor's 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 or other matters that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Youngstown/Mahoning County Convention and Visitor's Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Youngstown/Mahoning County Convention and Visitor's Bureau's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below.

Segregation of Duties

It is basic that sound internal control embrace segregation of duties. Incompatible functions for control purposes are those that place any person in a position both to perpetrate and to conceal errors or irregularities in the normal course of their duties. Anyone who records transactions or has access to assets, ordinarily, is in a position to perpetrate errors and irregularities. Accordingly, control necessarily depends largely on the elimination of opportunities for concealment.

In Youngstown /Mahoning County Convention and Visitor's Bureau, as is the case in most organizations of its approximate size, the limited number of accounting and record-keeping personnel make adequate segregation of duties impracticable or impossible. In such organizations, the Executive Director and Board of Directors should continue to be vigilant in safeguarding assets, checking the accuracy and reliability of accounting data, promoting operational efficiency and encouraging adherence to prescribed managerial policies. This extra care by the Executive Director and Board of Directors is necessary to counterbalance the internal control deficiencies caused by too limited personnel.

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 the employees in the normal course of performing their assigned functions. 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 and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended for the information of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Packer Thomas

Youngstown, Ohio
January 4, 2006



PACKER THOMAS

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTAL INFORMATION

BOARD OF DIRECTORS
YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

The audited financial statements of the Youngstown/Mahoning County Convention and Visitor's Bureau and our report thereon are presented in the preceding section of this report. Our examinations were made for the purpose of forming and opinion on the basic financial statements taken as a whole. The supplemental information hereinafter is presented for purposes 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 examination 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.

Packer Thomas

Youngstown, Ohio
January 4, 2006

Youngstown/Mahoning County Convention & Visitor's Bureau

SCHEDULE OF OPERATING EXPENSES

For the year ended December, 31 2004

	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTAL
Salaries and Wages	\$ 52,537	\$ 35,024	\$ 87,561
Casual Labor	19,018	-	19,018
Payroll Taxes	4,230	2,820	7,050
Hospitalization	5,348	3,566	8,914
Employee Parking	-	705	705
Pension	774	516	1,290
Rent	15,760	10,507	26,267
Professional Fees	-	87,303	87,303
Telephone	5,495	-	5,495
Insurance	-	4,179	4,179
Postage	3,866	-	3,866
Bank fees	-	4,333	4,333
Billboards	22,580	-	22,580
Advertising	17,700	-	17,700
Promotion	4,799	-	4,799
Printed Material	21,836	-	21,836
Special Events	8,955	-	8,955
Meetings/Seminars	6,270	-	6,270
Travel/Hospitality	15,286	-	15,286
Dues	8,723	-	8,723
Office supplies	-	5,450	5,450
Repairs	-	1,091	1,091
Depreciation	2,813	1,875	4,688
Miscellaneous	-	165	165
TOTAL EXPENSES	\$ 215,990	\$ 157,534	\$ 373,524

Youngstown/Mahoning County Convention & Visitor's Bureau

SCHEDULE OF OPERATING EXPENSES

For the year ended December, 31 2003

	PROGRAM SERVICES	MANAGEMENT & GENERAL	TOTAL
Salaries and Wages	\$ 80,156	\$ 53,438	\$ 133,594
Casual Labor	1,200	-	1,200
Payroll Taxes	7,179	4,786	11,965
Hospitalization	5,445	3,630	9,075
Employee Parking	-	1,945	1,945
Pension	2,040	1,360	3,400
Rent	16,072	10,715	26,787
Professional Fees	-	84,938	84,938
Accounting fees	-	6,948	6,948
Telephone	6,186	-	6,186
Insurance	-	3,494	3,494
Postage	3,891	-	3,891
Bank fees	-	677	677
Billboards	42,200	-	42,200
Advertising	15,429	-	15,429
Promotion	2,644	-	2,644
Printed Material	5,051	-	5,051
Special Events	34,255	-	34,255
Meetings/Seminars	9,224	-	9,224
Travel/Hospitality	24,013	-	24,013
Dues	23,767	-	23,767
Office supplies	-	3,708	3,708
Repairs	-	17	17
Depreciation	2,765	1,843	4,608
Miscellaneous	-	554	554
TOTAL EXPENSES	\$ 281,517	\$ 178,053	\$ 459,570



**Auditor of State
Betty Montgomery**

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**YOUNGSTOWN / MAHONING COUNTY CONVENTION
AND VISITORS BUREAU**

MAHONING 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
MAY 18, 2006**