

BELMONT COUNTY TOURISM COUNCIL, INC.

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006



SEACHRIST, KENNON & MARLING, A.C.
CERTIFIED PUBLIC ACCOUNTANTS



Mary Taylor, CPA
Auditor of State

Board of Directors
Belmont County Tourism Council
Ohio Valley Mall
Unit 485
St. Clairsville, Ohio 43956

We have reviewed the *Independent Auditor's Report* of the Belmont County Tourism Council, Belmont County, prepared by Seachrist, Kennon & Marling, A.C., for the audit period January 1, 2006 through December 31, 2007. 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 Belmont County Tourism Council is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 6, 2008

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BELMONT COUNTY TOURISM COUNCIL, INC.
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SEACHRIST, KENNON & MARLING, A.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Belmont County Tourism Council, Inc.

We have audited the accompanying statements of financial position of Belmont County Tourism Council, Inc., (a non-profit organization) as of December 31, 2007 and 2006 and related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Belmont County Tourism Council, Inc.'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 audits 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 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 Belmont County Tourism Council, Inc., as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated June 27, 2008 on our consideration of Belmont County Tourism Council, Inc.'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 read in conjunction with this report in considering the results of our audit.

Seachrist, Kennon & Marling, A.C.

Wheeling, West Virginia
June 27, 2008

BELMONT COUNTY TOURISM COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

	2007	2006
<u>Assets</u>		
Current assets:		
Cash in checking	\$ 191,284	\$ 195,618
Cash in Lodging Excise Tax Fund	242,765	364,651
Accounts receivable	24,194	31,213
Total current assets	458,243	591,482
Fixed assets:		
Office equipment	4,475	4,475
Furniture and fixtures	11,829	11,829
Equipment	1,063	1,063
Total fixed assets	17,367	17,367
Less: accumulated depreciation	(15,130)	(14,192)
Net fixed assets	2,237	3,175
Total Assets	\$ 460,480	\$ 594,657
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 3,082	\$ 2,954
Payroll taxes payable	2,267	1,848
Total current liabilities	5,349	4,802
Net assets:		
Unrestricted	455,131	589,855
Total Liabilities and Net Assets	\$ 460,480	\$ 594,657

The accompanying notes are an integral part of these financial statements.

BELMONT COUNTY TOURISM COUNCIL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>Income</u>		
Belmont County Commissioners	\$ 341,095	\$ 314,265
Total income	341,095	314,265
<u>General and administrative expenses</u>		
Salaries	74,936	73,057
Payroll taxes	6,575	6,106
Benefits	1,674	1,674
Brochures	6,709	6,840
Local promotion and entertainment	9,949	11,597
Advertising	57,392	48,518
Trade shows	3,358	5,484
Rent and utilities	18,639	18,165
Professional fees	875	2,544
Office supplies and expense	6,442	8,692
Auto expense	2,400	2,400
Professional meetings	601	722
Dues and subscriptions	3,567	2,836
Telephone	2,665	3,008
Miscellaneous	1,900	909
Travel expense	405	334
Postage and mailings	1,314	1,580
Insurance	1,705	1,910
Depreciation	938	979
GAP Program	71,060	41,900
Carnes Center donations	200,000	-
Contracted services	-	102
Repairs and maintenance	2,715	2,393
Total general and administrative expenses	<u>475,819</u>	<u>241,750</u>

The accompanying notes are an integral part of these financial statements.

BELMONT COUNTY TOURISM COUNCIL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
Increase (decrease) in net assets	(134,724)	72,515
Net assets, beginning of the year	589,855	517,340
Net assets, end of the year	\$ 455,131	\$ 589,855

The accompanying notes are an integral part of these financial statements.

BELMONT COUNTY TOURISM COUNCIL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (134,724)	\$ 72,515
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	938	979
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	7,019	(2,120)
Increase (decrease) in accounts payable	128	(225)
Increase (decrease) in payroll taxes payable	419	15
Net cash provided (used) by operating activities	<u>(126,220)</u>	<u>71,164</u>
Net increase (decrease) in cash and cash equivalents	(126,220)	71,164
Beginning cash and cash equivalents	<u>560,269</u>	<u>489,105</u>
Ending cash and cash equivalents	<u><u>\$ 434,049</u></u>	<u><u>\$ 560,269</u></u>
Supplemental disclosures of cash flow information:		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

BELMONT COUNTY TOURISM COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 1: Accounting Policies

Nature of Business – Belmont County Tourism Council, Inc. is a non-profit organization formed to promote the Ohio Valley tourism area.

Accounting Method and Financial Statement Presentation – The Council prepares its financial statements on the accrual basis of accounting. The financial statements are also prepared in compliance with Statement of Financial Accounting Standards (SFAS) No. 117 “Financial Statements of Not-for-Profit Organizations.” Under SFAS 117 the Council is required to present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, permanently restricted. All of the Council’s assets are unrestricted.

Property and Equipment – Property and equipment are capitalized at cost. Depreciation is calculated on the straight-line method over the assets’ estimated useful lives.

Income Taxes – The Tourism Council is exempt from Federal income taxes under section 501 (c)(4) of the Internal Revenue Code, except for taxes on unrelated business income.

Statement of Cash Flows – For the purposes of the Statement of Cash Flows, cash and cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Deposit Funds – Funds of the Council, on deposit in banks, are maintained in accounts insured by F.D.I.C. up to \$100,000. Funds in the Lodging Excise Tax Fund are maintained by the county and in their accounts, all of which are F.D.I.C. insured or collateralized. The county has been audited by the State of Ohio Auditor’s office and is in compliance with all state statutes.

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 may differ from those estimates.

BELMONT COUNTY TOURISM COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 2: Contract

Renewal Agreement – The contract between the County of Belmont, State of Ohio and the Belmont County Tourism Council, Inc., (a non-profit organization) of St. Clairsville, Ohio is in effect and shall continue until terminated by either of the above stated parties. A lease contract with the Ohio Valley Mall is valid through January 31, 2008. Payments are \$1,350.00 per month or \$16,200.00 per year.

Note 3: Contingencies

Belmont County Tourism Council receives all of its funding from the Belmont County 3% motel bed tax. The tax is collected by the county and the funds are held in the Lodging Excise Tax Fund maintained by the county as described in Note 1. The Belmont County Tourism Council receives a monthly distribution from the county based on the Belmont County Tourism Council's budget. These distributions are used to assist the Council for budgeting purposes. A significant reduction in the collection of the motel bed tax would have a major effect on the operations of the council.

SEACHRIST, KENNON & MARLING, A.C.

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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 of
Belmont County Tourism Council, Inc.:

We have audited the financial statements of Belmont County Tourism Council, Inc. (a nonprofit organization) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 27, 2008. 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.

Internal Control over Financial Reporting

In planning and performing our audits, we considered Belmont County Tourism Council, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Belmont County Tourism Council, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report on financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. See findings 07-1 and 06-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, material weaknesses. However, we consider the significant deficiency described above, Findings 07-1 and 06-1, to be a material weakness

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Belmont County Tourism Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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*.

We noted certain matters that we reported to the management of Belmont County Tourism Council, Inc. in a separate letter dated June 27, 2008.

Belmont County Tourism Council, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Belmont County Tourism Council, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Seachrist, Kennon & Harting, A.C.

Wheeling, West Virginia
June 27, 2008

BELMONT COUNTY TOURISM COUNCIL, INC.
SCHEDULE OF FINDINGS
FOR YEARS ENDED DECEMBER 31, 2007 AND 2006

SECTION 1 – FINANCIAL STATEMENT FINDINGS

Finding 07-1: Material Weakness

Financial Statement Preparation:

Condition: The Organization currently requires assistance from the auditors to prepare its financial statements and related footnotes.

Criteria: Effective internal control over financial reporting requires that the Organization prepare its own financial statements and related footnotes or designate an employee with the required expertise to oversee the preparation of, and identify material misstatements in, the financial statements and related footnotes prepared by the auditor.

Effect: A likelihood that is more than remote exists that the Organization may issue financial statements and related footnotes that contain a misstatement that will not be prevented or detected by the organization's internal control.

Recommendation: We recommend that the Organization designate an employee with the required expertise to review for material misstatements, and oversee the preparation of, the financial statements and related footnotes as prepared by the auditor.

Response: Management agrees with the finding; however, it would not be cost beneficial to hire additional staff at this time.

Finding 06-1: Material Weakness

Financial Statement Preparation:

Condition: The Organization currently requires assistance from the auditors to prepare its financial statements and related footnotes.

Criteria: Effective internal control over financial reporting requires that the Organization prepare its own financial statements and related footnotes or designate an employee with the required expertise to oversee the preparation of, and identify material misstatements in, the financial statements and related footnotes prepared by the auditor.

Effect: A likelihood that is more than remote exists that the Organization may issue financial statements and related footnotes that contain a misstatement that will not be prevented or detected by the organization's internal control.

Recommendation: We recommend that the Organization designate an employee with the required expertise to review for material misstatements, and oversee the preparation of, the financial statements and related footnotes as prepared by the auditor.

Response: Management agrees with the finding; however, it would not be cost beneficial to hire additional staff at this time.



Mary Taylor, CPA
Auditor of State

BELMONT COUNTY TOURISM COUNCIL

BELMONT 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
OCTOBER 16, 2008**