The Greater Columbus Convention & Visitors Bureau dba Experience Columbus

Financial Report
12.31.2007

McGladrey & Pullen
Certified Public Accountants

Mary Taylor, CPA
Auditor of State

Board of Trustees
The Greater Columbus Convention and Visitors Bureau,
dba Experience Columbus
277 West Nationwide Blvd., Suite 125
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of The Greater Columbus Convention and Visitors Bureau, dba Experience Columbus, Franklin County, prepared by McGladrey & Pullen, LLP, for the audit period January 1, 2007 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 Greater Columbus Convention and Visitors Bureau, dba Experience Columbus is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 1, 2008

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Contents

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report on the Financial Statements

To the Board of Trustees
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
Columbus, Ohio

We have audited the accompanying statement of financial position of **The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus**, as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. 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. The financial statements of The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus for the year ended December 31, 2006, were audited by other auditors whose report, dated May 2, 2007, expressed an unqualified opinion on those statements.

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 Controller 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 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.

In our opinion, the 2007 financial statements referred to above present fairly, in all material respects, the financial position of **The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus**, as of December 31, 2007, and the changes in its net assets and its cash flows for the year 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 our report, dated April 25, 2008, except for the identified significant deficiency and the related schedule of significant deficiencies as to which the date is July 10, 2008, on our consideration of **The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus'** internal control over financial reporting and our tests of its compliance with certain provision 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 assessing the results of our audit.

McGladrey & Pullen, LLP

Columbus, Ohio
April 25, 2008, except for the reference in the last paragraph above to the identified significant deficiency and the related schedule of significant deficiencies, as to which the date is July 10, 2008

McGladrey and Pullen, LLP is a member of RSM International
-- an affiliation of separate and independent legal entities.

The Greater Columbus Convention & Visitors Bureau
dba Experience Columbus

Statements of Financial Position
December 31, 2007 and 2006

	2007	2006
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,196,667	$ 1,846,075
Cash, designated for property and equipment reserve	73,592	259,829
Cash, designated for a relocation reserve	-	200,000
Accounts receivable	167,589	93,341
Prepaid expenses and deposits	209,011	109,545
Total current assets	2,646,859	2,508,790
Property and Equipment, Net	565,844	288,060
Total Assets	$ 3,212,703	$ 2,796,850
LIABILITIES AND NET ASSETS		
Liabilities		
Current portion of capital lease obligation	$ 13,118	$ -
Accounts payable	512,335	433,457
Accrued expenses	212,738	284,609
Deferred revenue	7,075	-
Deferred rent	46,236	1,089
Retirement liability	-	22,000
Total current liabilities	791,502	741,155
Capital lease obligation, net of current portion	26,110	-
Retirement Liability, net of current portion	-	18,061
Total liabilities	817,612	759,216
Net Assets		
Unrestricted:		
Property and equipment reserve	73,592	259,829
Relocation reserve	-	200,000
Undesignated	2,321,499	1,577,805
Total unrestricted	2,395,091	2,037,634
Total Liabilities and Net Assets	$ 3,212,703	$ 2,796,850

See Notes to Financial Statements.

The Greater Columbus Convention & Visitors Bureau
dba Experience Columbus

Statements of Activities
December 31, 2007 and 2006

	2007	2006
Revenues and Other Support		
Columbus bed tax	$ 4,377,018	$ 4,102,029
Promotional revenue, City of Columbus	561,000	561,000
Contributions	478,776	491,354
Program revenue	659,270	567,575
Promotional revenue, Franklin County	1,000,000	900,000
Contributed services	152,487	131,869
Publication revenue	219,647	216,137
Sports marketing	724,127	535,000
Interest	109,230	90,455
Other income	11,579	7,969
Total revenues and other support	8,293,134	7,603,388
Expenses		
Convention marketing	3,737,619	3,796,435
Tourism marketing	1,263,675	1,157,276
Communication and public relations	635,243	571,784
Sports marketing	480,650	290,235
Management and general	1,788,411	1,772,418
Other	30,079	-
Total expenses	7,935,677	7,588,148
Change in Net Assets	357,457	15,240
Net Assets, beginning	2,037,634	2,022,394
Net Assets, end	$ 2,395,091	$ 2,037,634

See Notes to the Financial Statements.

The Greater Columbus Convention & Visitors Bureau
dba Experience Columbus

Statements of Cash Flows
December 31, 2007 and 2006

	2007	2006
Cash Flows from Operating Activities		
Change in net assets	$ 357,457	$ 15,240
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	156,173	183,056
Loss on disposal of property and equipment	30,079	-
(Increase) decrease in operating assets:		
Accounts receivable	(74,248)	(15,345)
Prepaid expenses and deposits	(99,466)	25,402
Increase (decrease) in operating liabilities:		
Accounts payable	78,878	163,659
Accrued expenses	(71,871)	23,088
Deferred revenue	7,075	-
Deferred rent	45,147	
Retirement Liability	(40,061)	(8,083)
Total adjustments	31,706	371,777
Net cash provided by operating activities	389,163	387,017
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	1,008	-
Purchase of property and equipment	(420,523)	(62,546)
Net cash used in investing activities	(419,515)	(62,546)
Cash Flows from Financing Activities		
Payments on capital lease obligations	(5,293)	-
Net cash used in financing activities	(5,293)	-
Increase (Decrease) in Cash and Cash Equivalents	(35,645)	324,471
Cash and Cash Equivalents, beginning	2,305,904	1,981,433
Cash and Cash Equivalents, end	$ 2,270,259	$ 2,305,904
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	$ 1,926	$ -
Supplemental Disclosures of Noncash Investing and Financing activities		
Property and equipment acquired under capital lease	$ 44,521	$ -

See Notes to Financial Statements.

Note 1. Organization

The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus is the official destination marketing organization for Greater Columbus. The Greater Columbus Sports Commission operates within Experience Columbus and was organized to promote, attract and service amateur sporting events for Greater Columbus.

Note 2. Summary of Significant Accounting Policies

Use of 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to the following three classes:

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

  Equipment Reserve – Represents the amount designated by the Organization's Board to cover the replacement or repair of the Organization's property and equipment.

  Relocation Reserve – Represents the amount designated by the Organization's Board to offset possible expenses for moving the offices.

- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. As of December 31, 2007 and 2006, there were no temporarily restricted net assets.

- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of December 31, 2007 and 2006, there were no permanently restricted net assets.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, cash and cash equivalents represents cash on hand, demand deposits held by banks and short-term investments having an initial maturity of three months or less.

Accounts Receivable:

The Organization grants credit to its Members for participation in various functions. The Organization uses the allowance method to recognize potentially uncollectible accounts. The allowance is provided based on management's estimation of the collectibility of the accounts receivable as of December 31, 2007 and 2006. The estimation takes into consideration historical trends, past history with specific customers and current economic conditions. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to not be collectible. Interest is not charged by the Organization on past due accounts. No allowance has been recorded due to management's belief that all accounts are collectible as of December 31, 2007 and 2006.

Property and Equipment:

Property and equipment are carried at cost, less accumulated depreciation computed on the straight-line method. Property and equipment that are donated are recorded at their fair market value on the date of receipt. Major renewals and betterments over $500 are capitalized and depreciated. Maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Property and equipment are depreciated over their estimated useful lives as follows:

Office furniture and equipment	3 - 10 years
Computer equipment	3 - 5 years

Leasehold improvements and assets held under capital lease are amortized over the lessor of the lease term or the estimated useful life of the asset

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributed Services and Materials:

The Organization receives support from its members and the community in the form of publications, meeting facilities, lodging, meals and transportation. The estimated fair value of these services is reported as income and expense in the period in which the services are rendered and materials are donated.

Promotion, Publication and Program Revenue:

The Organization obtains promotional support from the City of Columbus and Franklin County, Ohio to promote Greater Columbus. The Organization also receives support from member and community attendance at programs and special events. The Organization also receives support to assist in reducing the costs of certain publications and the costs associated with attending trade shows and conventions.

Federal Income Taxes:

The Organization is exempt from federal taxes under Section 501(c)(6) of the Internal Revenue Code.

Advertising Expense:

The Company expenses advertising costs as incurred. Advertising expenses were $982,228 and $1,005,214 for 2007 and 2006, respectively.

Rent Expense:

Rental expense for leases that contain a predetermined fixed escalation of minimum rent is recognized on a straight-line basis over the lease term. The difference between the recognized rental expense and the amounts payable under the lease is recorded as deferred rent on the accompanying statement of financial position.

Note 3. Concentration of Credit Risk

The Organization maintains its cash in three accounts with one financial institution. The balances, at times, may exceed federally insured limits. Additionally, the Organization has two money market accounts that are not federally insured. At December 31, 2007 and 2006, the Organization exceeded the federally insured limit by approximately $2,297,000 and $2,206,000, respectively. The Organization continually monitors its balances to minimize the risk of loss.

Note 4. Property and Equipment

Property and equipment consisted of the following at December 31:

	2007	2006
Office furniture and equipment	$ 811,085	$ 551,889
Computer equipment	747,638	669,257
Leasehold improvements	234,790	525,983
	1,793,513	1,747,129
Less: accumulated depreciation and amortization	(1,227,669)	(1,459,069)
Property and equipment - net	$ 565,844	$ 288,060

Note 5. Line of Credit

The Organization has a $500,000 line of credit with a bank. Interest is payable monthly at the prime rate plus 1/2%. The agreement expires in November 2008. The Organization does not have an outstanding balance at December 31, 2007 or 2006.

Note 6. Capital Lease Obligations

The Organization is a lessee of equipment under a capital lease which expires in July 2010. The assets and liabilities under the capital leases are recorded at the lower of the present value of minimum lease payments or the fair value of the assets. The asset is amortized over its estimated productive life. Amortization of the assets under capital leases is included in depreciation and amortization expense. Following is a summary of equipment held under capital lease:

Capital Lease		2007
Furniture and fixtures	$	47,528
Less accumulated depreciation		1,697
	$	45,831

Minimum future annual lease payments under the capital lease as of December 31, 2007 are as follows:

2008	$	17,328
2009		17,328
2010		10,596
		45,252
Less amount representing interest		6,024
Present value of minimum lease payments		39,228
Less current portion		(13,118)
Noncurrent portion	$	26,110

Note 7. Retirement Liability

The Organization had a contract with a retired president for non-qualified retirement benefits. The past president received $22,000 annually until his death in 2007. The Organization's liability was $0 and $40,061 at December 31, 2007 and 2006, respectively.

Note 8. Contributed Services Income

Contributed services are as follows:

	2007	2006
Convention marketing		
Travel, lodging, meals and incidentals	$ 46,905	$ 38,915
Decorating fees	200	-
Production costs	30,000	1,000
Audio visual	750	32,795
Facility fee	-	3,400
	77,855	76,110
Tourism marketing		
Visitors center - rent	18,000	18,000
	18,000	18,000
Sports marketing		
Facility fees	-	4,750
Production costs	17,525	2,650
Decorating fees	1,825	500
Travel, lodging, meals and incidentals	200	2,800
Audio visual	-	2,500
	19,550	13,200
Communications and public relations		
Facility fees	4,023	4,981
Decorating fees	2,668	-
Production costs	-	575
Event promotional supplies	300	596
Other Program Costs	795	-
Travel, lodging, meals and incidentals	17,896	7,007
	25,682	13,159
Management and general		
Van lease	11,400	11,400
Total	$ 152,487	$ 131,869

Note 9. Retirement Plan

The Organization has a 401(k) retirement plan that covers all eligible employees. Eligible employees may elect to defer receipt of a portion of their annual wages as a contribution to the Plan. The Organization contributes, on behalf of each eligible participant, a discretionary matching contribution equal to 75% of salary reductions up to 6% of compensation. The Organization also contributes 5% of each participating individual's compensation to the Plan. The Organization may make additional contributions to the Plan at the discretion of the Board of Trustees. Expense related to this plan was $132,965 and $192,463 in 2007 and 2006, respectively.

The Organization also has a self-funded disability plan providing for benefits if an employee is unable to work for medical reasons. The Plan provides benefits of 66% of the employee's current salary for the period of disability, not to exceed eight weeks. Disability payments of $169 and $720 were paid in 2007 and 2006, respectively.

Note 10. Lease Commitments

The Organization leases facilities under operating leases expiring at various dates during 2007. The Organization signed a lease for a new facility expiring in November 2014, another facility was renewed for an additional four year period expiring in November 2011, and the third facility is leased on a month-to-month basis. Rent expense was $362,569 and $270,699 in 2007 and 2006, respectively.

The future minimum lease payments at December 31, 2007 are as follows:

2008	$	313,432
2009		312,433
2010		301,433
2011		308,174
2012		288,572
Thereafter		533,096
Total	$	2,057,140

Note 11. Foundation

The Organization established a 501(c)(3) not-for-profit foundation, The Experience Columbus Foundation, during 2007 to further promote its mission. The organization is the sole member of the foundation. There was no activity during the year. When activity in the foundation commences, the foundation will be required to consolidate operations into the **Greater Columbus Convention & Visitors Bureau** financial statements.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's 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 Trustees
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
Columbus, Ohio

We have audited the financial statements of **The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus** (the Organization) as of and for the year ended December 31, 2007, and have issued our report thereon dated April 25, 2008, except for the reference made in the fourth paragraph in the report on the financial statements as to which the date is July 10, 2008. 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 the Organization'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 the Organization'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 of this section 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 certain deficiencies 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of significant deficiencies (referenced as finding number 2007-1) to be a significant deficiency in internal control over financial reporting.

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 entity's internal control. However, we do not believe that the significant deficiency, referred to above, is a material weakness.

COMPLIANCE

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 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 that are required to be reported under *Government Auditing Standards.*

Management's response to significant deficiency identified in our audit is described in the accompanying Schedule of Significant Deficiencies. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Board of Trustees, management, the City of Columbus, and the Office of the Auditor of the State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Columbus, Ohio
April 25, 2008, except for the identified significant deficiency and the related schedule of
significant deficiencies as to which the date is July 10, 2008

The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus

Schedule of Significant Deficiencies
Year Ended December 31, 2007

Finding Number 2007-1. Lack of Segregation of Duties

Condition:
Because of its size, the Organization has a small number of personnel which have the primary responsibility for performing most of the accounting and financial duties. As a result, some of the aspects of internal accounting control which rely upon adequate segregation of duties are missing at the Organization. In particular, we noted that access to the blank checks is granted to the same individual responsible for signing the checks and preparing the check run. The preparation of checks is usually performed by a different individual; however, the function is capable of being performed by the same individual with responsibility for signing the checks. Ideally, these functions should be separated. To help mitigate the lack of proper segregation of duties in this area, Experience Columbus has supervision and review procedures in place which provide a detection control over this process. These procedures include:

- Preparation of the bank reconciliation by accounting assistant.
- Dual signatures are required on checks greater than $5,000 and checks greater than $20,000 require the signature of a board member
- President receives the bank statement directly from the bank. He reviews the detail before giving it to the accounting assistant to reconcile the accounts.
- Review of actual versus budgeted revenue and expenses by the board.

Criteria:
Proper segregation of duties is a critical element of internal controls.

Context:
We noted these control deficiencies during the performance of various audit procedures and observations.

Effect:
Due to the lack of segregation of duties, it is possible that improper disbursements could be made that would not be detected in a reasonable period of time.

Cause:
The Organization has indicated that they have limited resources to add depth to accounting department.

Recommendation:
We recommend that the Organization continue their supervision and review procedures are we also recommend that management consider the following:

- Limit the preparation of checks to individuals who do not have check signing authority.
- Improve controls over the issuance of checks and bank transfers.
- Management should document their review procedures.
- Improve security over unused checks

Management's Response (Unaudited):

As our auditor is aware, Experience Columbus has only a small number of personnel in the Accounting Department. With our limited budget, it is not cost beneficial to hire an additional employee to provide segregation of duties. We have therefore trained our Human Resources Administrator to prepare the Accounts Payable check run in the absence of our Accounting Administrator. The checks will continue to be signed by the VP-Finance in accordance with the established signature authority limits.

Mary Taylor, CPA
Auditor of State

THE GREATER COLUMBUS CONVENTION AND VISITORS BUREAU
DBA
EXPERIENCE COLUMBUS

FRANKLIN 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 14, 2008