MEDINA COUNTY CONVENTION AND VISITORS BUREAU

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2007

Varney, Fink & Associates, Inc.
Certified Public Accountants

Board of Trustees
Medina County Convention and Visitors Bureau
32 Public Square
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of the Medina County Convention and Visitors Bureau, prepared by Varney, Fink & Associates, Inc., 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 Medina County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 2, 2009

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MEDINA COUNTY CONVENTION AND VISITORS BUREAU
FOR THE YEAR ENDED
DECEMBER 31, 2007

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VARNEY, FINK & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS
121 College Street
Wadsworth, Ohio 44281
330.336.1706 Fax 330.334.5118

INDEPENDENT AUDITOR'S REPORT

Medina County Convention and Visitors Bureau
32 Public Square
Medina, Ohio 44256

To Board of Trustees:

We have audited the accompanying statement of financial position of the Medina County Convention and Visitors Bureau (the Bureau), 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 Bureau'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 statement. An audit also includes assessing the accounting principles used and the 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 financial statement referred to above presents fairly, in all material respects, the financial position of the Bureau, 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.

INDEPENDENT AUDITOR'S REPORT (continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2008 on our consideration of the Bureau's internal control over financial reporting and on 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 important for assessing the results of our audit.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

December 26, 2008

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2007

ASSETS	
Cash	$186,731
Accounts Receivable	64,348
Prepaid Expenses	4,838
Security Deposits	1,500
Furniture and Equipment, Net	1,011
Total Assets	$258,428
LIABILITIES	
Accounts Payable	2,970
Accrued Wages	$3,625
Payroll Taxes and Withholdings	2,138
Loan Payable	1,310
Total Liabilities	10,043
NET ASSETS	
Unrestricted	248,385
TOTAL LIABILITIES AND NET ASSETS	$258,428

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

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

REVENUES AND OTHER SUPPORT	
County room tax	$277,152
Membership dues	5,105
Interest	4,821
Other income	5,008
Total revenues and other support	292,086
EXPENSES	
Salaries and wages	73,812
Payroll taxes and employee benefits	36,371
Insurance	5,325
Telephone	3,443
Rent	10,870
Promotion	4,107
Advertising and printing	99,013
Office supplies and accessories	3,945
Postage	11,424
Dues and subscriptions	2,314
Professional fees	8,891
Travel	3,843
Leased equipment	999
Vehicle	3,503
Conferences/meetings	5,139
Miscellaneous	261
Depreciation	5,667
Total Expenses	278,927
CHANGE IN NET ASSETS	13,159
NET ASSETS - Beginning of year	235,226
NET ASSETS - End of year	$248,385

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

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$13,159
Adjustments to reconcile change in net assets to net cash provided by operating activates:	
Depreciation and amortization	5,667
(Increase) decrease in operating assets:	
Prepaid expenses	1,313
Security Deposits	(1,500)
Accounts receivable	(3,852)
Accounts Payable	2,970
Accured Wages	695
Payroll Taxes	(7)
Total adjustments	5,286
Net cash provided by operating activities	18,445
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment on Loan Payable	(5,241)
Net cash used in financing activities	(5,241)
INCREASE IN CASH AND CASH EQUIVALENTS	13,204
CASH AND CASH EQUIVALENTS - Beginning of year	173,527
CASH AND CASH EQUIVALENTS - End of year	$186,731

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

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2007

1. NATURE OF BUSINESS

The Medina County Convention and Visitors Bureau (the Bureau), is a not-for-profit organization established in accordance with Section 501(c)(6) of the Internal Revenue Code. The Bureau was formed to promote the area, facilities and attractions as a destination for visitors, resulting in increased business activity and improved quality of life for Medina County. The main source of revenue for the Bureau are funds generated within Medina County by the county hotel/motel excise tax. The Bureau operates under a nine-member Board of Trustees, six who are elected internally by members and three who are appointed by the Medina County Commissioners.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared in compliance with Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFAS 117 the Bureau is required to present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. All of the Bureau's assets are unrestricted.

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.

Concentration of Credit Risk

The Bureau maintains its cash in bank deposit accounts which are protected by the Federal Deposit Insurance Corporation. Management believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts Receivable includes hotel/motel excise tax and other revenues receivable. The hotel/motel excise tax represents amounts due from the County of Medina for room taxes collected in the final quarter of the calendar year. Other revenues receivable consist largely of membership dues.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected.

SIGNIFICANT ACCOUNTING POLICIES (continued)

In the opinion of management, at December 31, 2007, all accounts were considered collectible and no allowance was necessary.

Furniture and Equipment

Furniture and equipment are carried at cost, less accumulated depreciation computed on the straight–line method. Furniture and equipment that are donated are recorded at their fair market value on the date of receipt. Capital additions and major betterments over $2,500 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 recognized. Depreciation is computed over the following useful lives:

Description	Useful Lives	Method
Display Equipment	20	Straight-Line
Vehicles	5	Straight-Line

Revenue Recognition

The Bureau recognizes revenues at the time persuasive evidence of an arrangement exists, the service is provided or prices are fixed or determinable and collection is reasonably assured.

Income Taxes

The Bureau is a recognized not-for-profit organization under Section 501(c)(6) of the Internal Revenue Code. The Bureau is not classified as a private foundation and therefore is not subject to Federal, state or local income taxes.

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 at the date of the financial statements and during the reporting period. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as well as the reported amounts of revenues and expenses. Actual results could differ from those estimates.

3. CASH AND CASH EQUIVALENTS

The Bureau maintains a checking account and two (2) savings accounts all used for general purposes. The Bureau's deposits are entirely insured by the Federal Deposit Insurance Corporation.

4. FURNITURE AND EQUIPMENT

A summary of furniture and equipment at December 31, 2007 is presented below:

	2007
Video and Display Equipment	$5,090
Vehicles	26,706
	31,796
Less Accumulated Depreciation	(30,785)
Furniture and Equipment - Net	$1,011

5. LOAN PAYABLE

The Bureau purchased a Ford Windstar Van in 2003 for $26,706. The actual amount financed was $26,206 after $500 down payment with 0.00% interest rate. The loan payments have been made in monthly installments since April 27, 2003. The monthly payment totals $436.76 and the loan will be fully retired in March 27, 2008. Changes in the loan payable during 2007 was as follows:

	2006 Ending Balance	2007 Additions	2007 Retirements	2007 Ending Balance
Van Loan	$6,551	$0	($5,241)	$1,310

Amortization of the above loan is as follows:

Year Ending December 31,	Principle Payments
2008	1,310

6. HOTEL/MOTEL TAX

Medina County provides funding to the Bureau by remitting collections from the County's hotel/motel tax. During 2007, the Bureau received $273,300 in hotel/motel tax revenue.

7. RETIREMENT PLANS

The Bureau implemented a SIMPLE IRA (Savings Incentive Match Plan for Employees) Program effective January 1, 2000. Annual employer contributions to the plan are required at the participant's elective percentage of 1% to 3% of eligible compensation as defined in the plan or a maximum of $5,000 per year. The Bureau contributes on a monthly basis. This plan renews annually unless changed or terminated by the Board of Trustees. The Bureau contributions totaled $2,093 in 2007.

8. COMMITMENTS AND CONTINGENCIES

Operating Lease

The Bureau leased office space for operations from John W. Kanieski. The lease agreement renewed on December 1, 2004 and expired November 30, 2007. The Bureau went on a month to month lease for the months of December 2007 through February 2008. The Bureau made monthly payments of $700. The Bureau entered a new lease for new office space beginning January 1, 2008 and expiring December 31, 2010. The Bureau is making monthly payments of $1500. The following is a schedule of lease liability committed to by the Bureau and not reflected in the accompanying statements:

	Old Building	New Building
Year Ended Dec. 31, 2007	$1,400	$54,000

Contracts

Employment Contract

The Bureau has entered into an employment contract with its consultant through December 31, 2008 that provides for professional service fees of $1,000 per quarter.

Contingencies

The Bureau receives a majority of its support from the County bed tax. Any significant reduction in the level of support, should one occur, may have an influence on the Bureau's programs and general operation. The Board of Trustees in anticipation of such an occurrence has set aside the sum of $45,000 in one of the savings accounts. This will allow the Bureau to continue operations for approximately three months, assuming current operating expense levels.

The Bureau, in the course of its normal operations, is subject to claims and lawsuits which may arise from time to time. Currently, the Bureau does not have any pending or threatened litigation.

9. RISK MANAGEMENT

The Bureau has obtained the following commercial insurance through private carriers:

a. Comprehensive property and general liability

b. Public officials and employee liability

c. Vehicles

The Bureau also provides health insurance for all Bureau employees through a private carrier.

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VARNEY, FINK & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS
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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*

Medina County Convention and Visitors Bureau
32 Public Square
Medina, Ohio 44256

To Board of Trustees:

We have audited the accompanying statement of financial position of the Medina County Convention and Visitors Bureau (the Bureau), as of December 31, 2007, and related statement of activities and cash flows for the year then ended and have issued our report thereon dated December 26, 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 Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bureau'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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 Bureau's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Bureau's financial statements that is more than inconsequential will not be prevented or detected by the Bureau's internal control.

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* (continued)

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 Bureau'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, would not necessarily disclose all significant deficiencies that are also considered to material weaknesses. However, we consider item 2007-01 to be a material weakness.

<u>Compliance and Other Matters</u>

As part of obtaining reasonable assurance about whether the Bureau's financial statement 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.*

The Bureau's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the Township's response and, accordingly, we express no opinion on the response.

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

December 26, 2008

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
YEAR ENDING DECEMBER 31, 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED
TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding 2007-01 Significant Deficiency/Material Weakness

Sound financial reporting is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Bureau made the following audit adjustments and reclassifications to the December 31, 2007 financial statements:

- To record the understatement of County Room Taxes Receivable $64,438
- Net Assets was understated by $62,329 due to improper entries being recorded directly to Net Assets.

The Bureaus accountant should review the adjustments identified above and ensure that similar errors are not reported on financial statements in subsequent years.

Officials’ response:

The Bureau will record the fourth quarter room tax collections as a receivable and will not record entries directly to net assets in the future.

Mary Taylor, CPA
Auditor of State

MEDINA COUNTY CONVENTION AND VISITORS BUREAU

MEDINA 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
MARCH 12, 2009

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