

LAKE COUNTY VISITORS BUREAU
FINANCIAL STATEMENTS
and SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2001 and 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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To the Board of Directors of
Lake County Visitors Bureau

We have reviewed the Independent Auditor's Report of the Lake County Visitors Bureau, Lake County, prepared by Daniel Kane & Co., for the audit period January 1, 2001 through December 31, 2001. 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 Lake County Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 5, 2002

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LAKE COUNTY VISITORS BUREAU

YEARS ENDED DECEMBER 31, 2001 and 2000

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lake County Visitors Bureau

We have audited the accompanying statement of financial position of Lake County Visitors Bureau (a nonprofit organization) as of December 31, 2001 and December 31, 2000, the related statement of activities for the years then ended, and the statement of cash flows for the years 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.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial statement 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake County Visitors Bureau as of December 31, 2001 and December 31, 2000, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 25, 2002 on our consideration of Lake County Visitors Bureau's compliance and internal control over financial reporting. That report is 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of expenses on pages 9-11 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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. This report is intended solely for the information and use of the audit committee, management, and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Daniel Kane & Co.
Mentor, Ohio
February 28, 2002

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2001	2000
CURRENT ASSETS		
Cash	\$85,650	\$98,808
Bed tax receivable	20,517	20,657
Certificate of Deposit	27,383	25,000
Prepaid postage	7,878	7,680
TOTAL CURRENT ASSETS	141,428	152,145
 FIXED ASSETS		
Office furniture & equipment	35,322	30,876
Vehicles	17,211	17,211
	52,533	48,087
Less accumulated depreciation	44,446	35,929
NET FIXED ASSETS	8,087	12,158
 OTHER ASSETS		
Investments (Note 2)	48,072	60,977
TOTAL OTHER ASSETS	48,072	60,977
TOTAL ASSETS	\$197,587	\$225,280

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND NET ASSETS

	December 31,	
	2001	2000
CURRENT LIABILITIES		
Accounts payable	\$1,220	\$779
Retirement plan payable	1,634	1,566
Payroll taxes payable	2,242	2,355
Current portion of long term debt	749	1,392
TOTAL CURRENT LIABILITIES	5,845	6,092
 LONG TERM LIABILITIES		
Lease obligation	749	2,141
Less current portion above	(749)	(1,392)
TOTAL LONG TERM LIABILITIES	0	749
TOTAL LIABILITIES	5,845	6,841
 NET ASSETS		
UNRESTRICTED:		
General	91,742	118,439
Board designated (Note 3)	100,000	100,000
TOTAL NET ASSETS	191,742	218,439
TOTAL LIABILITIES AND NET ASSETS	\$197,587	\$225,280

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF ACTIVITIES

	December 31,	
	2001	2000
REVENUES		
Bed tax	\$339,946	\$340,593
Dues	4,990	6,440
Donations	--	5,000
Interest income	3,855	1,767
Miscellaneous	--	40
Capital Gain (Loss)	--	2,789
Perch Fest Receipts	55,346	41,542
Unrealized Gain (Loss)	(12,904)	(21,636)
TOTAL REVENUES	391,232	376,535
EXPENSES		
Administrative		
Administrative -- other	87,568	83,136
Salaries, fringes & taxes	125,682	120,004
Programs		
Motorcoach market	3,443	5,613
Promotion	25,821	19,617
Shows & special events	29,235	29,336
Perch Festival	93,887	74,773
Community awareness	--	2,250
Media & communications	7,554	6,040
Association dues	5,918	2,012
Advertising	38,821	39,639
TOTAL EXPENSES	417,929	382,420
CHANGE IN NET ASSETS	(26,697)	(5,885)
NET ASSETS -- As of beginning of year	218,439	224,324
NET ASSETS -- As of end of year	\$191,742	\$218,439

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
STATEMENTS OF CASH FLOWS

	December 31,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (Change in net assets)	(\$26,697)	(\$5,885)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,517	8,003
Changes in current assets and liabilities		
Decrease in bed tax receivable	139	1,622
(Increase) decrease in prepaids & deposits	(198)	1,335
Increase in accounts payable	441	530
(Increase) decrease in retirement plan payable	68	(136)
(Decrease) increase in payroll taxes payable	(112)	273
NET CASH PROVIDED BY (USED) BY OPERATING ACTIVITIES	(17,842)	5,742
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sales (Purchases) of Assets		
Office furniture & equipment	(4,446)	(2,293)
Investments	12,905	(31,153)
Certificate of Deposit	(2,383)	(25,000)
NET CASH USED BY INVESTING ACTIVITIES	6,076	(58,446)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments made on Capital Lease	(1,392)	(1,261)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(1,392)	(1,261)
NET (DECREASE) INCREASE IN CASH	(13,158)	(53,965)
 CASH AT BEGINNING OF YEAR	98,808	152,774
CASH AT END OF YEAR	\$85,650	\$98,808

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
Notes to Financial Statements
For the Years ended December 31, 2001 and 2000

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Lake County Visitors Bureau (the Bureau) was formed to encourage economic development of Lake County, Ohio through the promotion of tourism by advertising, educational and informational means and public relations. The Bureau's support comes mainly, approximately 87%, from a Hotel/Motel bed tax, which is administered by Lake County. In addition as a membership organization the Bureau receives support from members' dues and volunteerism.

The Bureau is a nonprofit organization as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes.

Estimates

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

Depreciation and Amortization

Furniture and equipment are being depreciated over estimated useful lives of five to ten years using a straight line method, with number of month's depreciation recognized in the years of acquisition and disposal.

NOTE 2: INVESTMENTS

As of December 31, 2001 the Bureau has invested in a mutual fund. Dividends are recorded as earned and the investment is adjusted to market value quarterly. The account is an unrestricted Board Designated asset for a building fund (see note 3).

NOTE 3: BOARD DESIGNATED FUNDS

The Board has designated the investment account, the certificate of deposit and cash (totaling \$100,000) as its building fund, being reserved for the purpose of building or acquiring its own offices at a future date.

NOTE 4: OPERATING LEASE COMMITMENT

The Bureau has no written lease for its offices. As of December, 2001 the Bureau pays \$1,241 rent on a monthly basis. The total office rent expense for 2001 and 2000 was \$14,892 and \$13,591, respectively.

The Bureau also leases office equipment under two non-cancelable operating leases with original terms of 36 months and 66 months. The lease payments are accounted for as office equipment expense and totaled \$6,227 and \$5,982 in 2001 and 2000, respectively. The following is a schedule of future minimum rental payments required under the above office equipment operating leases as of December 31, 2001:

2002	\$ 4,068
2003	4,068
2004	3,051
2005	<u>-----</u>
Total	<u>\$11,187</u>

NOTE 5: CAPITAL LEASES

The Bureau leases office equipment under a capital lease arrangement. The cost of the equipment is \$6,518, which is financed over a period of 66 months at an annual interest rate of 10%. Payments of \$389 are made quarterly. Interest expense for 2001 and 2000 was \$163 and \$294, respectively. Future obligations over the primary terms of the Company's lease as of December 31, 2001, are as follows:

2002	<u>\$ 749</u>
Total	<u>\$ 749</u>

NOTE 6: EMPLOYEE BENEFIT PLAN

The Bureau has a defined contribution simplified employee pension ("SEP") plan for which it deposits 7% of each eligible employee's salary to his or her respective retirement account. There was \$70 of plan expenses in both 2001 and 2000 and contributions of \$7,076 and \$6,837 respectively.

NOTE 7: DONATED SERVICES

The Bureau receives a significant amount of donated services from unpaid volunteers who assist in special projects and exhibitions. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTE 8: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. However certain administrative costs have not been allocated among the programs benefited.

NOTE 9: CONCENTRATIONS OF CREDIT RISK

The Bureau maintains its cash balances in one financial institution located in Painesville, Ohio. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2001, the Bureau's uninsured cash balances total was \$0.

SUPPLEMENTARY INFORMATION

LAKE COUNTY VISITORS BUREAU
SCHEDULES OF EXPENSES

	December 31,	
	<u>2001</u>	<u>2000</u>
ADMINISTRATIVE		
Annual meeting	\$1,199	\$2,886
Bank charges	227	151
Board meetings	554	705
Computer expenses	1,850	1,130
Depreciation	8,517	8,003
Entertainment & gifts	1,401	1,849
Insurance	980	3,543
Interest	163	303
Maintenance	1,400	--
Miscellaneous	200	42
Office cleaning	2,750	2,140
Office equipment	7,085	7,832
Office supplies	11,111	11,543
Postage	19,309	13,743
Professional fees	5,075	5,272
State Audit fees	5,000	5,000
Promotion -- travel	266	215
Rent & utilities	14,892	13,591
Telephone	3,449	3,558
Vehicle -- reimbursed expenses	-964	81
Vehicle expense	3,104	1,550
	<u>3,104</u>	<u>1,550</u>
TOTAL ADMINISTRATIVE	<u>\$87,568</u>	<u>\$83,136</u>
SALARIES, FRINGES & TAXES		
Salaries	\$102,119	\$98,000
Part - time help	--	64
Health insurance	8,421	7,132
Payroll taxes	8,066	7,971
Retirement plan	7,076	6,837
	<u>7,076</u>	<u>6,837</u>
TOTAL SALARIES, FRINGES & TAXES	<u>\$125,682</u>	<u>\$120,004</u>

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
SCHEDULES OF EXPENSES

	December 31,	
	2001	2000
MOTORCOACH MARKET		
FAM Tours	\$155	\$344
Heartland Travel Showcase	--	1,131
NTA Exchange	1,295	2,168
OMCA Fall Market Place	--	--
Miscellaneous Motorcoach	1,993	1,971
	<u>1,993</u>	<u>1,971</u>
TOTAL MOTORCOACH MARKET	<u>\$3,443</u>	<u>\$5,613</u>
 PROMOTION		
1-800-BUCKEYE	\$ --	\$793
Calendar of events	8,153	1,757
L.C.V.B. Guide	11,786	6,993
Misc. promotion	2,277	2,326
Promotional items	928	3,791
Direct Mail	363	989
Video Update	--	2,173
Nursery Field Days	35	--
Lake County internet web site	1,829	796
Literature rack fee	450	--
	<u>450</u>	<u>--</u>
TOTAL PROMOTION	<u>\$25,821</u>	<u>\$19,617</u>
 SHOWS & SPECIAL EVENTS		
Allegheny Sport Show	\$6,657	\$6,765
AM-CAN Sport Show	1,704	1,881
Boat Show	362	267
Bowling Tournament	100	176
Buy.com Golf Tournament	1,500	--
Home & Flower Show	4,188	5,934
Lake County Fair	180	150
Ohio State Fair	--	300
Vintage Ohio	2,289	1,182
Other Community Events	6,676	8,092
Sportsman Quest Walleye	--	889
Cleveland Nike Open	--	1,500
Misc. shows & events	5,579	2,200
	<u>5,579</u>	<u>2,200</u>
TOTAL SHOWS & EVENTS	<u>\$29,235</u>	<u>\$29,336</u>

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
SCHEDULES OF EXPENSES

	December 31,	
	<u>2001</u>	<u>2000</u>
MEDIA & COMMUNICATIONS		
Lake County Trout Fishing FAM	\$ --	\$1,247
Graphic design	2,776	3,182
Photo file	1,917	663
Midwest Travel Writers	982	839
PR Newswire	194	--
Writers FAM	1,685	109
	<hr/>	<hr/>
TOTAL MEDIA & COMMUNICATIONS	<u>\$7,554</u>	<u>\$6,040</u>
ASSOCIATION DUES		
Lake County Development	\$ --	\$65
Midwest Travel Writers	--	102
NTA	550	550
OACVB	1,650	--
Greater Cleveland Growth Association	450	450
OTA	250	225
OMCA	--	--
PRSA	500	--
WRTC	150	125
Miscellaneous	2,368	495
	<hr/>	<hr/>
TOTAL ASSOCIATION DUES	<u>\$5,918</u>	<u>\$2,012</u>
ADVERTISING		
City Visitor	\$750	\$ --
Lake Erie Escapades	6,500	6,500
Miscellaneous advertising	17,160	13,949
Ohio Pass	2,500	4,353
USA Today Weekend	7,300	7,143
I-90 Billboard	2,775	3,715
Crain's Cleveland Business	336	2,479
Meeting Planner Guide	1,500	1,500
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TOTAL ADVERTISING	<u>\$38,821</u>	<u>\$39,639</u>

See accompanying notes to financial statements

LAKE COUNTY VISITORS BUREAU
 PERCH FEST STATEMENTS OF OPERATIONS
 FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000

	December 31,	
	2001	2000
RECEIPTS:		
Donations	\$11,656	\$13,670
Vendor Fees	8,802	7,125
Tournament Permit Fees	18,076	8,046
Beer Vendor	16,812	12,700
	55,346	41,541
DISBURSEMENTS:		
Advertising & Promotion	18,552	13,341
Rentals	11,520	11,463
Electrical	9,714	8,028
Permits	2,048	185
Supplies & Site Expenses	2,577	2,935
Beer	5,592	4,158
Catering	8,114	550
Waste	3,986	1,769
Security	5,980	6,766
Fishing Tournament Costs & Prizes	3,608	3,499
Entertainment	16,450	11,940
Sponsorship	--	6,042
Management/Fundraising Fee	5,311	3,776
Bank Fees	121	86
Miscellaneous	314	235
	93,887	74,773
NET DISBURSEMENTS IN EXCESS OF RECEIPTS	(\$38,541)	(\$33,231)

See accompanying notes to financial statements

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

To the Board of Directors of
Lake County Visitors Bureau

We have audited the financial statements of Lake County Visitors Bureau (a nonprofit organization) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated February 25, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lake County Visitors 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lake County Visitors Bureau'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 assurance 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 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 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.

This report is intended for the information of the Board of Directors, management and State of Ohio Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.

Daniel Kane & Co.
Mentor, Ohio
February 25, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LAKE COUNTY VISITORS BUREAU

LAKE 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 20, 2002**