

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

**Youngstown, Ohio**

**Report on Audit of Financial Statements  
and Supplemental Information**

**For the Years Ended December 31, 2001 and 2000**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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Board of Directors  
Youngstown / Mahoning County Convention and Visitor's Bureau  
101 City Center One  
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We have reviewed the Independent Auditor's Report of the Youngstown / Mahoning County Convention and Visitor's Bureau, Mahoning County, prepared by Reali, Giampetro & Scott, 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 Youngstown / Mahoning County Convention and Visitor's 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

July 25, 2002

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## TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT.....	PAGE	1
STATEMENTS OF FINANCIAL POSITION .....		2
STATEMENTS OF ACTIVITIES .....		3
STATEMENTS OF CASH FLOWS.....		4
NOTES TO FINANCIAL STATEMENTS.....		5
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....		9
SUPPLEMENTAL INFORMATION		
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION.....		11
SCHEDULE OF OPERATING EXPENSES.....		12

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Youngstown/Mahoning County Convention and Visitor's Bureau  
Youngstown, Ohio

We have audited the accompanying Statements of Financial Position of Youngstown/Mahoning County Convention and Visitor's Bureau, (a Not-for-Profit Corporation) as of December 31, 2001 and 2000 and the related Statements of Activities and Cash Flows for the years then ended. These financial statements are the responsibility of Corporation'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 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 Youngstown/Mahoning County Convention and Visitor's Bureau, as of December 31, 2001 and 2000, 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 issued our report dated May 7, 2002, on our consideration of 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 audit.

*Reali, Giampetro & Scott*

May 7, 2002

**STATEMENTS OF FINANCIAL POSITION**

**YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU**

	<b>December 31,</b>	
	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 166,839	\$ 120,950
Certificates of deposit	366,906	398,909
Prepaid expenses	1,979	3,015
Investments	69,228	66,704
Property and equipment	6,694	9,652
	<u>611,646</u>	<u>599,230</u>
TOTAL ASSETS	<u>\$ 611,646</u>	<u>\$ 599,230</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,227	\$ 2,193
Accrued payroll and related liabilities	7,553	4,974
	<u>8,780</u>	<u>7,167</u>
TOTAL LIABILITIES	8,780	7,167
<b>NET ASSETS</b>		
Unrestricted	<u>602,866</u>	<u>592,063</u>
TOTAL NET ASSETS	<u>602,866</u>	<u>592,063</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 611,646</u>	<u>\$ 599,230</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**STATEMENTS OF ACTIVITIES**

**YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU**

	<b>Year Ended December 31,</b>	
	<b>2001</b>	<b>2000</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>REVENUES</b>		
Transient occupancy tax	\$ 441,963	\$ 443,460
Earnings on investments	26,219	3,024
Miscellaneous Income	7,018	13,734
TOTAL UNRESTRICTED REVENUES	475,200	460,218
<b>EXPENSES</b>		
Program	376,129	315,729
Management, General and Support Services	88,268	80,889
TOTAL EXPENSES	464,397	396,618
CHANGE IN UNRESTRICTED NET ASSETS	10,803	63,600
<b>NET ASSETS AT BEGINNING OF YEAR</b>	592,063	528,463
<b>NET ASSETS AT END OF YEAR</b>	\$ 602,866	\$ 592,063

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

## STATEMENTS OF CASH FLOWS

### YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

	Year Ended December 31,	
	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 10,803	\$ 63,600
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,958	3,557
Unrealized (gain) loss on investments	(2,524)	28,840
(Increase) decrease in operating assets:		
Accounts receivable	-	10,657
Prepaid expenses	1,036	2,695
Increase (decrease) in operating liabilities:		
Accounts payable	(966)	2,193
Accrued payroll and related liabilities	2,579	4,468
TOTAL ADJUSTMENTS	3,083	52,410
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,886	116,010
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	-	(7,430)
Net redemption (purchases) of certificates of deposit	32,003	(184,179)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	32,003	(191,609)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,889	(75,599)
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	120,950	196,549
ENDING CASH AND CASH EQUIVALENTS	\$ 166,839	\$ 120,950
<b>CASH WAS PAID FOR</b>		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

## NOTES TO FINANCIAL STATEMENTS

### YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

December 31, 2001 and 2000

#### A. ACCOUNTING POLICIES

##### **Nature of Activities**

The Youngstown/Mahoning County Convention and Visitor's Bureau (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 Corporation has one program service which is to promote and encourage tourism in the 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 Corporation, as long as it's to be used to promote tourism in the Mahoning County as required by state law. The Corporation receives no monies which need to be classified as temporary or permanently restricted net assets.

The Corporation recognizes revenues at the point the Mahoning County receives the excise tax from the Mahoning County hotels and motels. At both year-ends, the County submitted all monies due to the Corporation; therefore no amounts were due from the County.

##### **Accounting Method**

The financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

##### **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 Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Corporation 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.

## NOTES TO FINANCIAL STATEMENTS

### YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

December 31, 2001 and 2000

#### A. ACCOUNTING POLICIES (CONTINUED)

##### **Liquidity of Assets and Liabilities**

The presentation of assets and liabilities in the Statement of Financial Position is generally in the order of liquidity.

##### **Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

##### **Marketable Investments**

The Corporation has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under SFAS No. 124, 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 at the end of the year is based on the quoted stock exchange values.

##### **Property and Equipment**

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

##### **Income Taxes**

The Corporation 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 Corporation charges to program services only expenses that can be directly related to the program services. Management, general and support services expenses include those expenses that provide overall support and direction of the Corporation.

##### **Advertising and Promotion**

The Corporation uses advertising to promote and encourage tourism in the Mahoning County. The costs of advertising and promotion are at the time of the expenditures, since the Bureau does not know what period the expenditures will benefit.

**NOTES TO FINANCIAL STATEMENTS**

**YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU**

**December 31, 2001 and 2000**

**B. CERTIFICATES OF DEPOSIT**

The Corporation has six certificates of deposit at December 31, 2001 with interest rates ranging from 3.50% to 6.79% and maturity dates ranging from February 2002 to June 2004. At December 31 2000, the Corporation had eight certificates of deposit with interest rates ranging from 6.16% to 7.10% and maturity dates ranging from September 2001 to September 2002. Because the maturity dates are in excess of three months from the dates of purchase, the certificates do not meet the criteria of cash equivalents.

**C. INVESTMENTS**

The Corporation's investments, recorded at market value are summarized as follows:

	<u>Market Value December 31, 2000</u>	<u>Unrealized Gain</u>	<u>Market Value December 31, 2001</u>
Stock – United Community Financial Corp.	\$ 66,704	\$ 2,524	\$ 69,228
	<u>Market Value December 31, 1999</u>	<u>Unrealized Loss</u>	<u>Market Value December 31, 2000</u>
Stock – United Community Financial Corp.	\$ 95,544	\$ 28,840	\$ 66,704

Earnings on investments plus cash accounts and the certificates of deposits consisted of \$2,524 of unrealized gain and \$23,695 of dividends and interest income in 2001 and \$28,840 of unrealized losses and \$31,864 of dividends and interest income in 2000. All earnings from investments are considered operating returns for financial statement purposes.

**D. EQUIPMENT**

Property and equipment consist of the following:

	<u>December 31,</u>	
	<u>2001</u>	<u>2000</u>
Furniture, fixtures, and equipment	\$ 106,456	\$ 106,456
Accumulated depreciation	(99,762)	(96,804)
	<u>\$ 6,694</u>	<u>\$ 9,652</u>

Depreciation expense amounted to \$2,958 for 2001 and \$3,557 for 2000.

## NOTES TO FINANCIAL STATEMENTS

### YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

December 31, 2001 and 2000

**E. LEASES**

The Corporation leases office space for use in its operations. Monthly payments are \$2,425 for 2001 and were \$2,330 in 2000. The end of the lease is December 2002. Per the lease agreement, the lessor can increase the lease in 2001 subject to a consumer price index formula. Total expense amounted to \$29,097 in 2001 and \$25,624 in 2000.

**F. CONCENTRATION OF CREDIT RISK**

The Corporation has cash and certificates of deposits in two banks totaling \$468,842 of which \$200,000 is insured by the Federal Deposit Insurance Corporation.

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**REPORT ON COMPLIANCE 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  
Youngstown, Ohio

We have audited the financial statements of Youngstown/Mahoning County Convention and Visitor's Bureau, (a Not-for-Profit Corporation) for the year ended December 31, 2001, and have issued our report thereon dated May 7, 2002. 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.

**Compliance**

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 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 financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control structure and its operation that we consider being reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Following are the reportable conditions we noted:

## **Segregation of Duties**

It is basic that sound internal control structure embraces 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. (For example, anyone who deposits monies should not prepare bank reconciliations and record transactions in the books and records.)

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.

## **Bank Reconciliations**

Bank reconciliations were not being properly prepared on the cash accounts. The bank reconciliation balance did not agree with the general ledger balances. Adjustments were needed at year-end to agree the bank reconciliations to the general ledger. Proper preparation of bank reconciliations that agree to the general ledger is an important task that is needed for proper internal control. Bank reconciliations should be prepared timely (monthly) and agree to the general ledger. Differences should be pursued immediately before any subsequent month's activity is inputted into the system.

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. 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. However, we consider the above items to be a material weakness. We also noted other matters involving the internal control over financial reporting that we reported to management of Youngstown Mahoning County Convention and Visitor's Bureau in a separate letter dated May 7, 2002.

This report is intended solely for the information of management and is not intended to be nor should it be used by anyone other than these specified parties.

*Reali, Giampetro & Scott*

May 7, 2002

**SUPPLEMENTAL INFORMATION**

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**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION**

Board of Directors  
Youngstown/Mahoning County Convention and Visitor's Bureau  
Youngstown, Ohio

The audited financial statements of the Corporation and our report thereon are presented in the preceding section of this report. Our examination was made for the purpose of forming an 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.

*Reali, Giampetro & Scott*

May 7, 2002

## SCHEDULE OF OPERATING EXPENSES

### YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU

For the Year Ended December 31, 2001

	Program Services	Management, General and Support Services	Total
Salaries and wages	\$ 73,208	\$ 48,806	\$ 122,014
Payroll taxes	7,344	4,896	12,240
Hospitalization	9,367	6,244	15,611
Employee parking	-	1,808	1,808
Rent	29,097	-	29,097
Professional fees	9,028	-	9,028
Legal fees	-	1,130	1,130
Accounting fees	-	7,801	7,801
Telephone	5,002	-	5,002
Insurance	-	3,293	3,293
Postage	8,706	-	8,706
Bank fees	-	84	84
Billboards	31,494	-	31,494
Advertising	27,622	-	27,622
Promotion	22,105	-	22,105
Printed material	15,576	-	15,576
Prints	311	-	311
Special events	57,523	-	57,523
Calendar	3,715	-	3,715
Meetings/Seminars	17,103	-	17,103
Travel/Hospitality	44,721	-	44,721
Dues	14,207	-	14,207
Office supplies	-	8,969	8,969
Repairs	-	121	121
Depreciation	-	2,958	2,958
Miscellaneous	-	2,158	2,158
TOTALS	\$ 376,129	\$ 88,268	\$ 464,397

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

**SCHEDULE OF OPERATING EXPENSES**

**YOUNGSTOWN/MAHONING COUNTY CONVENTION AND VISITOR'S BUREAU**

**For the Year Ended December 31, 2000**

	<u>Program Services</u>	<u>Management, General and Support Services</u>	<u>Total</u>
Salaries and wages	\$ 66,262	\$ 42,910	\$ 109,172
Casual labor	-	685	685
Payroll taxes	5,940	3,959	9,899
Hospitalization	6,550	4,264	10,814
Employee parking	-	1,504	1,504
Cell phone	900	-	900
Mileage	3,580	-	3,580
Rent	25,624	-	25,624
Professional fees	12,495	-	12,495
Legal fees	-	1,211	1,211
Accounting fees	-	5,445	5,445
Telephone	5,181	-	5,181
Insurance	-	3,391	3,391
Postage	6,704	-	6,704
Bank fees	-	322	322
Billboards	31,662	-	31,662
Advertising	30,575	-	30,575
Promotion	9,347	-	9,347
Printed material	38,650	-	38,650
Prints	249	-	249
Special events	8,441	-	8,441
Calendar	5,213	-	5,213
Meetings/Seminars	15,423	-	15,423
Travel/Hospitality	27,451	-	27,451
Dues	15,482	-	15,482
Office supplies	-	12,664	12,664
Repairs	-	678	678
Depreciation	-	3,557	3,557
Miscellaneous	-	299	299
	<u>          </u>	<u>          </u>	<u>          </u>
TOTALS	<u>\$ 315,729</u>	<u>\$ 80,889</u>	<u>\$ 396,618</u>

SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
AUGUST 13, 2002**