

**ASHTABULA COUNTY
CONVENTION AND VISITORS BUREAU
AUSTINBURG, OHIO**

**FINANCIAL STATEMENTS
AND
AUDIT REPORT**

For The Year Ended December 31, 2003



**Auditor of State
Betty Montgomery**

Board of Directors
Ashtabula County Convention & Visitors Bureau
1850 Austinburg Road
Austinburg, Ohio 44010-9762

We have reviewed the Independent Auditor's Report of the Ashtabula County Convention & Visitors Bureau, Ashtabula County, prepared by S. R. Snodgrass, AC, for the audit period January 1, 2003 through December 31, 2003. 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 Ashtabula County Convention & Visitors Bureau is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

May 10, 2004

This Page is Intentionally Left Blank.

Ashtabula County Convention and Visitors Bureau
FINANCIAL STATEMENTS AND AUDIT REPORT
For the Year Ended December 31, 2003

Table of Contents

	<u>Page</u>
Independent Auditor's Report	2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 8
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9

This Page is Intentionally Left Blank.



Independent Auditor's Report

Board of Directors
Ashtabula County Convention and Visitors Bureau
Austinburg, Ohio

We have audited the accompanying statement of financial position of Ashtabula County Convention and Visitors Bureau (a nonprofit corporation) as of December 31, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Ashtabula County Convention and Visitors 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 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 Ashtabula County Convention and Visitors Bureau as of December 31, 2003, and the changes in 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 March 9, 2004, on our consideration of the Corporation'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.

S. R. Snodgrass, A.C.

Ashtabula, Ohio
March 9, 2004

Ashtabula County Convention and Visitors Bureau
STATEMENT OF FINANCIAL POSITION
December 31, 2003

ASSETS

ASSETS	
Cash and cash equivalents	\$ 189,243
Accounts receivable	10,503
Prepaid expenses	355
Deposit – workers compensation	10
Property and equipment (net)	<u>18,281</u>
Total assets	<u><u>\$ 218,392</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	\$ 1,320
Note payable	<u>10,346</u>
Total liabilities	<u>11,666</u>
NET ASSETS	
Unrestricted	199,726
Temporarily restricted	<u>7,000</u>
Total net assets	<u>206,726</u>
Total liabilities and net assets	<u><u>\$ 218,392</u></u>

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

Ashtabula County Convention and Visitors Bureau
STATEMENT OF ACTIVITIES
Year Ended December 31, 2003

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Membership dues	\$ 9,620	\$ -	\$ 9,620
Visitors Guide	54,890	-	54,890
Bed Tax	213,950	-	213,950
Grants	-	7,000	7,000
Miscellaneous	3,459	-	3,459
Interest	1,087	-	1,087
Net assets released from restriction	7,500	(7,500)	-
Total revenues, gains, and other support	290,506	(500)	290,006
EXPENSES			
Wages	72,664	-	72,664
Employee benefits	14,913	-	14,913
Advertising and marketing	68,539	-	68,539
Utilities	7,284	-	7,284
Office supplies	9,663	-	9,663
Postage	8,201	-	8,201
Travel and transportation	1,195	-	1,195
Professional services	5,153	-	5,153
Grants	2,952	-	2,952
Miscellaneous	2,035	-	2,035
Dues and subscriptions	1,802	-	1,802
Rent	16,800	-	16,800
Insurance	3,790	-	3,790
Depreciation	7,315	-	7,315
Interest	924	-	924
Bad debt	975	-	975
Repairs and maintenance	2,223	-	2,223
Total expenses	226,428	-	226,428
CHANGES IN NET ASSETS	64,078	(500)	63,578
NET ASSETS AT BEGINNING OF YEAR	135,648	7,500	143,148
NET ASSETS AT END OF YEAR	\$ 199,726	\$ 7,000	\$ 206,726

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

Ashtabula County Convention and Visitors Bureau
STATEMENT OF CASH FLOWS
Year Ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 63,578
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	7,315
Decrease in accounts receivable	2,520
Increase in prepaid expenses	(355)
Increase in accounts payable	1,320
Net cash provided by operating activities	<u>74,378</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Reduction on long-term debt	<u>(4,865)</u>
Net cash used by financing activities	<u>(4,865)</u>
NET INCREASE IN CASH	69,513
CASH AT BEGINNING OF YEAR	<u>119,730</u>
CASH AT END OF YEAR	<u><u>\$ 189,243</u></u>

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

Ashtabula County Convention and Visitors Bureau
NOTES TO FINANCIAL STATEMENTS

BACKGROUND

Ashtabula County Convention and Visitors Bureau (ACCVB) is a nonprofit corporation established pursuant to the laws of the State of Ohio to develop, promote and otherwise encourage tourism and recreation. This is done through advertising in various publications, Internet website participation, and publishing a County Visitors Guide.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of Ashtabula County Convention and Visitors Bureau.

The financial statements of ACCVB have been prepared on the accrual basis of accounting, and accordingly, include all significant receivables, payables, and other liabilities.

Assets, liabilities, and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ACCVB and changes therein are classified and reported as follows:

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time.

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method.

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

ACCVB uses advertising to promote the Ashtabula County tourism industry. Advertising includes ads in publications and other media, and other activities such as the publication of visitors' guides and attendance at trade shows. The production costs of advertising are expensed as incurred. Advertising expense was \$68,538 in 2003.

For purposes of the statement of cash flows, ACCVB considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

CASH

Cash is comprised of the following at December 31, 2003:

Cash in checking	\$ 8,963
Cash in savings	<u>180,280</u>
Total	<u><u>\$ 189,243</u></u>

Ashtabula County Convention and Visitors Bureau
NOTES TO FINANCIAL STATEMENTS (Continued)

CASH (Continued)

Cash deposits in financial institutions at times, may exceed federal insured limits of \$100,000. ACCVB has not experienced any losses on these accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The uninsured cash balances at December 31, 2003 totaled \$89,243.

FIXED ASSETS

Fixed assets are comprised of the following at December 31, 2003:

Vehicles	\$ 22,064
Equipment	22,438
	<u>44,502</u>
Less accumulated depreciation	<u>26,221</u>
Net fixed assets	<u><u>\$ 18,281</u></u>

INCOME TAXES

Income taxes have not been provided for as ACCVB has been granted a nonprofit corporation status under Section 501(c)(6) of the Internal Revenue Code.

LEASE

The ACCVB is leasing its office space on a two-year non-cancelable operating lease that expires November 14, 2004. Monthly lease payments are \$1,320. Lease expense for December 31, 2003 was \$15,840.

The ACCVB is leasing office equipment on a five-year non-cancelable operating lease that expires August 1, 2007. Monthly lease payments are \$214. Lease expense for December 31, 2003 was \$2,568.

The following is a summary of future minimum lease payments required under ACCVB's operating leases:

2004	\$ 15,768
2005	2,568
2006	2,568
2007	1,284
Thereafter	<u>-</u>
Total	<u><u>\$ 22,188</u></u>

Ashtabula County Convention and Visitors Bureau
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE PAYABLE

Note payable consists of the following:

Bank note payable at \$482 per month, including interest at 7.1%, collateralized by a vehicle with a net book value of \$16,900.

	\$	10,346
Less amount due within one year		<u>5,222</u>
	\$	<u><u>5,124</u></u>

The note matures as follows:

<u>Year Ending December 31,</u>		
2004	\$	5,222
2005		<u>5,124</u>
Total	\$	<u><u>10,346</u></u>

TEMPORARILY RESTRICTED FUNDS

The restrictions on net assets at December 31, 2003 relate to a grant for printing nature brochures. The grant of \$7,000 will expire June 30, 2004. A final report and accounting are due by July 31, 2004.

CONCENTRATION OF REVENUES

Ashtabula County provided 74 percent of ACCVB's revenues for 2003. The funds are generated through bed taxes on temporary lodging. A significant reduction in the level of this support, if this were to occur, may have an effect on the ACCVB's programs.

EXCESS RECEIPTS

ACCVB was without an Executive Director for more than half the year. This caused a build up of cash. Plans have been made to use these excess funds to promote tourism in Ashtabula County.



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
Ashtabula County Convention and Visitors Bureau
Austinburg, Ohio

We have audited the financial statements of Ashtabula County Convention and Visitors Bureau (a nonprofit corporation) as of and for the year ended December 31, 2003, and have issued our report thereon dated March 9, 2004. 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 Ashtabula County Convention and 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 Ashtabula County Convention and 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. However, we noted other matters involving internal control over financial reporting, which we have reported to management of Ashtabula County Convention and Visitors Bureau in a separate letter dated March 9, 2004.

This report is intended for the information and use of the board, management, and Ashtabula County, and is not intended to be and should not be used by anyone other than these specified parties.

S. R. Snodgrass, A.C.

Ashtabula, Ohio
March 9, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

ASHTABULA COUNTY CONVENTION AND VISITORS BUREAU

ASHTABULA 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
MAY 20, 2004**