

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

**FINANCIAL STATEMENTS  
AND  
AUDIT REPORTS**

**For The Year Ended December 31, 2004**





**Auditor of State  
Betty Montgomery**

Board of Directors  
Ashtabula County Convention & Visitors Bureau  
1850 Austinburg Rd.  
Austinburg, Ohio 44010

We have reviewed the Independent Auditor's Report of the Ashtabula County Convention & Visitors Bureau, Ashtabula County, prepared by S.R. Snodgrass, A.C. for the audit period January 1, 2004 through December 31, 2004. 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

August 22, 2005

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Ashtabula County Convention and Visitors Bureau  
FINANCIAL STATEMENTS AND AUDIT REPORT  
For the Year Ended December 31, 2004

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### 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, 2004, 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, 2004, 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 February 3, 2005, 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 grant agreements, and other matters. The purpose of that report is to describe

the scope of our testing of internal controls 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.

*S. R. Snodgrass, A.C*

Ashtabula, Ohio  
February 3, 2005

Ashtabula County Convention and Visitors Bureau  
STATEMENT OF FINANCIAL POSITION  
December 31, 2004

ASSETS

ASSETS	
Cash and cash equivalents	\$ 217,173
Accounts receivable	14,335
Prepaid expenses	137
Deposit – workers compensation	10
Property and equipment (net)	<u>15,625</u>
Total assets	<u><u>\$ 247,280</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	\$ 1,691
Accrued expenses	1,339
Note payable	<u>5,124</u>
Total liabilities	<u>8,154</u>
NET ASSETS	
Unrestricted	<u>239,126</u>
Total net assets	<u>239,126</u>
Total liabilities and net assets	<u><u>\$ 247,280</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, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES</b>			
Membership dues	\$ 10,500	\$ -	\$ 10,500
Visitors Guide	60,285	-	60,285
Bed Tax	263,723	-	263,723
Miscellaneous	3,449	-	3,449
Interest	1,289	-	1,289
Net assets released from restriction	7,000	(7,000)	-
Total revenues, gains, and other support	<u>346,246</u>	<u>(7,000)</u>	<u>339,246</u>
<b>EXPENSES</b>			
Program services	238,855	-	238,855
Supporting services			
Management and general	<u>69,311</u>	<u>-</u>	<u>69,311</u>
Total expenses	<u>308,166</u>	<u>-</u>	<u>308,166</u>
<b>CHANGES IN NET ASSETS</b>	38,080	(7,000)	31,080
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>201,046</u>	<u>7,000</u>	<u>208,046</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 239,126</u>	<u>\$ -</u>	<u>\$ 239,126</u>

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, 2004

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 31,080
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	7,270
(Increase) decrease in accounts receivable	(3,772)
(Increase) decrease in prepaid expenses	218
Increase (decrease) in accounts payable	1,691
Increase (decrease) in accrued expenses	1,339
Net cash provided by operating activities	<u>37,826</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	<u>(4,674)</u>
Net cash used by investing activities	<u>(4,674)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Reduction on long-term debt	<u>(5,222)</u>
Net cash used by financing activities	<u>(5,222)</u>
 NET INCREASE IN CASH	 27,930
CASH AT BEGINNING OF YEAR	<u>189,243</u>
CASH AT END OF YEAR	<u><u>\$ 217,173</u></u>

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

Ashtabula County Convention and Visitors Bureau  
NOTES TO FINANCIAL STATEMENTS

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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.

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$126,886 in 2004.

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, 2004:

Cash in checking	\$ 12,919
Cash in savings	<u>204,254</u>
Total	<u>\$ 217,173</u>

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, 2004 totaled \$117,173.

FIXED ASSETS

Fixed assets are comprised of the following at December 31, 2004:

Vehicles	\$ 22,064
Equipment	<u>20,098</u>
	42,162
Less accumulated depreciation	<u>26,537</u>
Net fixed assets	<u>\$ 15,625</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.

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

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LEASE

The ACCVB is leasing its office space on a two-year non-cancelable operating lease that expires November 14, 2006. Monthly lease payments are \$1,320. Lease expense for December 31, 2004 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, 2004 was \$2,568.

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

2005	\$ 2,568
2006	2,568
2007	1,284
2008	-
Thereafter	<u>-</u>
Total	<u><u>\$ 6,420</u></u>

COMPENSATED ABSENCES

Compensated absences (vacation) have been accrued as specified by Statement of Financial Accounting Standard No. 43, *Accounting for Compensated Absences*. The accrual recognized the amounts to be paid as a result of the employee's right to the compensated absence, in the year in which it was earned.

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.	\$ 5,124
Less amount due within one year	<u>5,124</u>
	<u><u>\$ -</u></u>

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

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CONCENTRATION OF REVENUES

Ashtabula County provided 78 percent of ACCVB's revenues for 2004. 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 in 2003. This caused a build up of cash. Plans have been made to use these excess funds to promote tourism in Ashtabula County in 2005.

PRIOR PERIOD ADJUSTMENT

During the audit for the current year it was discovered that rent expense was overstated in the prior year financial statements. Accordingly, the prior year net assets have been adjusted as follows: accounts payable was decreased by \$1,320 and rent expense was decreased by \$1,320. The net effect on net assets at December 31, 2003 was a decrease of \$1,320.

COMMITMENTS

ACCVB has entered into an agreement with Ashtabula County through the Board of Commissioners that requires the payment of bed taxes received from the Geneva Lodge and Conference Center to the County for a period of five years. The maximum payment is \$50,000 and the first payment is due January 2005.

Ashtabula County Convention and Visitors Bureau  
 SCHEDULE - EXPENSES  
 Year Ended December 31, 2004

Wages	\$	92,012
Employee benefits		18,564
Advertising and marketing		126,886
Rent		16,800
Office supplies		7,841
Postage		6,894
Utilities		6,820
Professional services		5,562
Insurance		4,494
Dues and subscriptions		3,226
Repairs and maintenance		2,843
Miscellaneous		2,236
Grants		2,191
Research		2,000
Travel and transportation		1,774
Interest		567
Bad debt		186
Total before depreciation		300,896
Depreciation		7,270
Total expenses	\$	308,166



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*

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, 2004, and have issued our report thereon dated February 3, 2005. 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 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 reportable 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 caused by error or fraud 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 the internal control over financial reporting and its operation that do not require inclusion in this report, which we have reported to management of the Ashtabula County Convention and Visitors Bureau in a separate letter dated February 3, 2005.

Ashtabula County Convention and Visitors Bureau  
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*  
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Compliance

As part of obtaining reasonable assurance about whether the 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 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*.

This report is intended solely for the information and use of management, board members, 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  
February 3, 2005





**Auditor of State  
Betty Montgomery**

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**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  
SEPTEMBER 6, 2005**