

Audited Financial Statements

**CLERMONT COUNTY
CONVENTION AND VISITORS
BUREAU**

Years ended December 31, 1999 and 1998

FLYNN & COMPANY PSC, INC.
Certified Public Accountants

**Clermont County Convention
and Visitors Bureau**

Audited Financial Statements

Years ended December 31, 1999 and 1998

Contents

Independent Auditor's Report..... 1

Financial Statements

Statements of Financial Position..... 2

Statements of Activities..... 3

Statements of Cash Flows..... 4

Notes to Financial Statements..... 5



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514

800-282-0370

Facsimile 614-728-7398

Board of Directors
Clermont County Convention and Visitors Bureau

We have reviewed the Independent Auditor's Report of Clermont County Convention and Visitors Bureau, Inc, Clermont County, prepared by Flynn & Company PSC, Inc. for the audit period January 1, 1999 through December 31, 1999. 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 Clermont County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 22, 2000

FLYNN & COMPANY PSC, INC.

Certified Public Accountants and Management Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Clermont County Convention and Visitors Bureau
Batavia, OH

We have audited the accompanying statement of financial position of Clermont County Convention and Visitors Bureau (a nonprofit organization) as of December 31, 1999, and the related statements of activities and cash flows for the year 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. The 1998 financial statements of Clermont County Convention and Visitors Bureau were audited by other accountants, whose report dated May 4, 1999 stated that the 1998 financial statements present fairly, in all material respects, the financial position of Clermont County Convention and Visitors Bureau as of December 31, 1998 and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

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. 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 Clermont County Convention and Visitors' Bureau as of December 31, 1999 and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have issued a report dated March 24, 2000, on our consideration of the Clermont County Convention and Visitors' Bureau 's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Flynn & Co PSC, Inc.

March 24, 2000

CLERMONT COUNTY CONVENTION
AND VISITORS BUREAU

Statements of Financial Position

December 31, 1999 and 1998

ASSETS

	1999	1998
Cash	\$ 81,812	\$ 63,385
Accounts Receivable - lodging tax	16,988	15,956
Accounts Receivable - historical contract	5,094	5,400
Total Current Assets	103,894	84,741
Furniture and Fixtures	5,482	2,971
Less accumulated depreciation	1,212	82
	4,270	2,889
Total Assets	\$ 108,164	\$ 87,630

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 14,894	\$ 4,510
Accrued Payroll and Payroll Taxes	1,289	-
Total Liabilities	16,183	4,510
Net Assets		
Unrestricted	91,981	83,120
Total net assets	91,981	83,120
Total Liabilities and Net Assets	\$ 108,164	\$ 87,630

See accompanying notes to financial statements

**CLERMONT COUNTY CONVENTION
AND VISITORS BUREAU**

Statements of Activities
Years Ended December 31, 1999 and 1998

	1999	1998
REVENUE		
Lodging tax	\$ 214,098	\$ 193,407
Historical contract	35,700	32,400
Interest income	2,632	1,616
Rental income	1,110	1,400
Miscellaneous income	1,391	3,278
Total Revenue	<u>254,931</u>	<u>232,101</u>
EXPENSES		
Payroll and payroll taxes	76,854	80,600
Benefits	15,811	9,114
Chamber contract fee	-	9,600
Rent and utilities	19,106	17,607
Marketing	18,878	12,555
Historical contract	36,022	2,616
Bicentennial	2,845	3,211
Technology	2,188	3,069
Printing	2,040	11,436
Professional fees	12,222	5,195
Advertising	8,290	5,137
Office supplies	5,712	3,877
Booths, fees and dues	9,100	3,239
Telephone	8,010	9,745
Office equipment and maintenance	7,013	9,465
Depreciation	1,130	82
Travel and meetings	9,101	6,145
Insurance	2,089	2,023
Automobile	6,512	6,185
Postage	933	1,530
Miscellaneous	2,214	1,609
Total Expenses	<u>246,070</u>	<u>204,040</u>
Change in net assets	8,861	28,061
Net assets at beginning of year	83,120	55,059
Net assets at end of year	<u>\$ 91,981</u>	<u>\$ 83,120</u>

See accompanying notes to financial statements

CLERMONT COUNTY CONVENTION
AND VISITORS BUREAU

Statements of Cash Flows
Years Ended December 31, 1999 and 1998

Cash Flows From Operating Activities	1999	1998
Increase in net assets	\$8,861	\$ 28,061
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	1,130	82
Increase in accounts receivable	(726)	(787)
Increase in accounts payable	10,385	4,510
Increase in accrued payroll and accrued payroll taxes	1,289	-
Net cash provided by operating activities	20,939	31,866
 Cash Flows From Investing Activities		
Purchases of property and equipment	(2,512)	(2,971)
Net cash used in investing activities	(2,512)	(2,971)
 Net Increase in Cash and Cash Equivalents	18,427	28,895
Cash and Cash Equivalents at Beginning of Year	63,385	34,490
Cash and Cash Equivalents at End of Year	<u>\$ 81,812</u>	<u>\$ 63,385</u>

See accompanying notes to financial statements

CLERMONT COUNTY CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clermont County Convention and Visitors Bureau is an Ohio nonprofit organization. Its purpose is to promote special events and encourage travel and tourism in Clermont County.

RECOGNITION OF DONATED ITEMS

The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in the same period are treated as unrestricted as permitted under SFAS No. 116. The organization received no restricted support in 1999 or 1998.

The organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The organization received no gifts of land, building or equipment in 1999 or 1998.

BASIS OF PRESENTATION

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization 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 organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization.

The organization presently has only unrestricted net assets.

CLERMONT COUNTY CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS

Fixed assets are stated at cost at date of acquisition or fair market value at date of donation. Depreciation of property and equipment is computed on the straight-line method over the estimated useful lives of the property. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

INCOME TAXES

The Bureau was organized as a tax exempt organization under IRS Code Section 501 (c) (6), therefore it incurs no federal income tax. The exempt function for which it was organized is to provide information to visitors and to encourage tourism within Clermont County. The organization is not a private foundation.

The county provides revenues to the Bureau from its lodging tax imposed on motels and hotels located in Clermont County.

ADVERTISING COSTS

Advertising costs are charged to operations when incurred. Advertising costs charged to income were \$8,290 and \$5,137 for the years ended December 31, 1999 and 1998.

USE OF 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.

FUNCTIONAL EXPENSES

The cost of providing various programs and other activities have been summarized on a functional basis below. These costs have been allocated among the programs and supporting services benefited based on estimates made by management.

	1999	1998
Program services	\$ 194,912	\$ 145,264
General and administrative	51,158	58,776
Total expenses	<u>\$ 246,070</u>	<u>\$ 204,040</u>

CLERMONT COUNTY CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECLASSIFICATION

Certain reclassifications have been made to the 1998 financial statements in order to conform to the 1999 presentation.

CASH AND CASH EQUIVALENTS

For purposes of reporting cash flows, cash and cash equivalents includes cash and interest-bearing deposits with original maturities of less than 90 days.

NOTE 2 - RELATED PARTY TRANSACTIONS

Clermont County Convention and Visitors Bureau shared staff and facilities with Clermont Chamber of Commerce. The contract between the two organizations stipulated that the Convention and Visitors Bureau was to pay the Chamber of Commerce \$1,600 per month during 1998 in return for services. Services provided include the management and consulting services of the Chamber's President and Senior Vice President, and an agreed-upon amount of the rent, maintenance, insurance, leasehold improvements and utilities based on the amount of space utilized. This contract was terminated effective July 1, 1998. The total contract fee and rent and utilities expenses amounted to \$9,600 and \$7,250 during 1998, respectively. The organization also reimburses the Chamber for salaries, payroll taxes and employee benefits paid on their behalf. The total expense was \$47,874 during 1998.

NOTE 3 - DONATED SERVICES

There have been no amounts reflected in the financial statements for donated services due to the lack of an objective basis for measuring the value of such services. However, a number of volunteers have donated amounts of their time in the organization's program.

CLERMONT COUNTY CONVENTION AND VISITORS BUREAU

NOTES TO FINANCIAL STATEMENTS

NOTE 4- OPERATING LEASE

The organization leases a mini-van and a copier under operating leases. The lease for the mini-van expires in October 2000. The lease for the copier expires in May 2003. The organization leases its office facilities on a month-to-month basis. Total lease expense under all operating leases for 1999 and 1998 was \$21,781 and \$21,576, respectively.

Future minimum lease payments are as follows:

2000	\$ 6,830
2001	3,141
2002	3,141
2003	1,309

NOTE 5- PENSION PLAN

The organization participates in a simplified employee pension plan that covers all full-time employees of the Convention and Visitors Bureau. The plan provides that the organization shall make a contribution determined by the Board of Trustees. Pension expense for 1999 and 1998 was \$5,718 and \$4,650, respectively.

NOTE 6- AGREEMENT

The organization has entered into an agreement with the Clermont County Board of County Commissioners for the Bicentennial Celebration and Historian. The agreement is for 24 months at \$3,000 per month, commencing January 1, 1999 through December 31, 2000. Also, sundry expenses at a total cost not to exceed \$10,000 will be paid for the contract period.

NOTE 7- COMMITMENTS

The organization entered into an agreement to purchase real estate on January 12, 2000 at a cost of \$250,000. The real estate will be used for the organization's office facilities.

FLYNN & COMPANY P S C , I N C .

Certified Public Accountants and Management Consultants

**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 Trustees
Clermont County Convention and Visitors Bureau

We have audited the financial statements of the Clermont County Convention and Visitors Bureau as of and for the year ended December 31, 1999, and have issued our report thereon dated March 24, 2000. 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 Clermont 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 the Clermont 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Clermont County Convention and Visitors Bureau ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition noted is as follows:

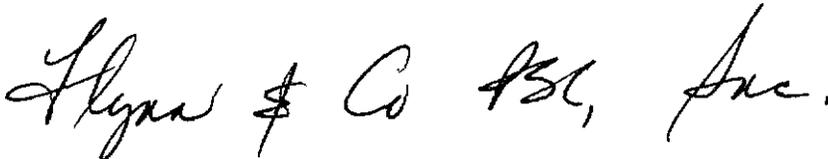
Board of Trustees
Clermont County Convention and Visitors Bureau
Page 2

Segregation of Duties

The segregation of duties in the handling of cash receipts and disbursements is limited and as such reduces the effectiveness of the controls. The basic premise is that no one person should have access to both physical assets and the related accounting records or to all phases of a transaction.

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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above is considered to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the Clermont County Convention and Visitors Bureau in a separate letter dated March 24, 2000.

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



March 24, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CLERMONT COUNTY CONVENTION AND VISITORS BUREAU, INC.

CLERMONT COUNTY
1999

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.

By: Susan Babbitt

Date: JULY 6, 2000