

**THE DELAWARE COUNTY CONVENTION AND  
VISITORS BUREAU, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 1999 and 1998

**WOLF, ROGERS, DICKEY & CO.**  
*Certified Public Accountants*



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees

The Delaware County Convention and Visitors Bureau, Inc.

We have reviewed the Independent Auditor's Report of The Delaware County Convention and Visitors Bureau, Inc., Delaware County, prepared by Wolf, Rogers, Dickey & Co. 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 Delaware County Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

June 21, 2000

WOLF, ROGERS, DICKEY & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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Report of Independent Accountants

To the Board of Trustees of  
The Delaware County Convention and  
Visitors Bureau, Inc.  
Delaware, Ohio

We have audited the accompanying statements of financial position of The Delaware County Convention and Visitors Bureau, Inc. (a nonprofit organization) as of December 31, 1999 and 1998 and the related statements of activities and 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 the financial statements based on our audit.

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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of The Delaware County Convention and Visitors Bureau, Inc. as of December 31, 1999 and 1998 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 May 17, 2000, on our consideration of The Delaware County Convention and Visitors Bureau, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

*Wolf, Rogers, Dickey & Co.*  
Certified Public Accountants

Delaware, Ohio  
May 17, 2000

**The Delaware County Convention and Visitors Bureau, Inc.**  
**Statements of Financial Position**  
**December 31, 1999 and 1998**

	<u>Assets</u>	
	<u>1999</u>	<u>1998</u>
Current assets:		
Cash	\$ 79,486	63,007
Interest receivable	410	-
Accounts receivable	40,872	29,089
Prepaid expenses and deposits	<u>3,903</u>	<u>1,977</u>
Total current assets	124,671	94,073
Property and equipment, net of accumulated depreciation	14,842	9,515
Restricted cash	<u>28,019</u>	<u>-</u>
	<u>\$ 167,532</u>	<u>103,588</u>
 <u>Liabilities and Net Assets</u>  		
Current liabilities:		
Accounts payable	\$ 1,198	255
Accrued expenses	<u>357</u>	<u>1,006</u>
Total current liabilities	1,555	1,261
Unearned tax revenue	<u>28,019</u>	<u>-</u>
Total liabilities	29,574	1,261
Unrestricted net assets	<u>137,958</u>	<u>102,327</u>
	<u>\$ 167,532</u>	<u>103,588</u>

See accompanying notes to financial statements

**The Delaware County Convention and Visitors Bureau, Inc.**  
**Statements of Activities**  
**For the Years Ended December 31, 1999 and 1998**

	<u>1999</u>	<u>1998</u>
Revenues:		
Excise tax on lodging	\$ 147,839	118,390
Interest	<u>2,336</u>	<u>-</u>
Total revenues	150,175	118,390
Expenses:		
Salaries	41,766	39,770
Marketing and promotions	23,755	26,485
Publishing	13,444	10,709
Occupancy	9,433	7,410
Payroll taxes and fringe benefits	5,792	5,811
Office supplies	4,168	2,378
Depreciation	3,579	3,161
Telephone	2,427	2,366
Professional fees	2,250	3,543
Dues and subscriptions	2,069	1,707
Training and conferences	2,026	1,226
Office equipment	1,416	782
Mileage and parking	1,016	1,091
City collection fee	500	500
Administrative fees	302	302
Other	<u>601</u>	<u>776</u>
Total expenses	<u>114,544</u>	<u>108,017</u>
Excess of revenues over expenses	35,631	10,373
Unrestricted net assets at beginning of year	<u>102,327</u>	<u>91,954</u>
Unrestricted net assets at end of year	\$ <u>137,958</u>	<u>102,327</u>

See accompanying notes to financial statements

**The Delaware County Convention and Visitors Bureau, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 1999 and 1998**

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Excise tax on lodging receipts	\$ 136,056	106,266
Interest income	<u>1,926</u>	<u>-</u>
	137,982	106,266
Salaries	(42,415)	(41,699)
Payroll taxes and fringe benefits	(5,792)	(5,811)
Occupancy	(9,433)	(7,410)
Publishing	(13,444)	(10,709)
Marketing and promotions	(23,755)	(26,485)
Other expenses	<u>(17,758)</u>	<u>(16,813)</u>
	<u>(112,597)</u>	<u>(108,927)</u>
Net cash provided (used) by operating activities	25,385	(2,661)
Cash flows from investing activities –		
Purchase of equipment	<u>(8,906)</u>	<u>(3,007)</u>
Net change in cash	16,479	(5,668)
Cash at beginning of year	<u>63,007</u>	<u>68,675</u>
Cash at end of year	\$ <u>79,486</u>	<u>63,007</u>
Reconciliation of change in unrestricted net assets to net cash provided by operating activities:		
Change in unrestricted net assets	35,631	10,373
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,579	3,161
(Increase) in accounts receivable	(12,193)	(12,124)
(Increase) in deposits and prepaid expenses	(1,926)	(279)
Increase (decrease) in accounts payable	943	(1,863)
Increase (decrease) in accrued expenses	<u>(649)</u>	<u>(1,929)</u>
Net cash provided (used) by operating activities	\$ <u>25,385</u>	<u>(2,661)</u>

See accompanying notes to financial statements

**The Delaware County Convention and Visitors Bureau, Inc.**  
**Notes to Financial Statements**  
**December 31, 1999 and 1998**

(1) Summary of Significant Accounting Policies

Organization

The Delaware County Convention and Visitors Bureau (the CVB) is a not-for-profit organization which promotes travel and tourism in Delaware County, Ohio. The organization is funded by an excise tax on lodging of transient guests within Delaware County.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

Cash and Cash Equivalents

Cash required for daily operations is maintained in a non-interest-bearing checking account at a local financial institution. Excess cash is maintained in a federated investment account at the same financial institution. The investment account is recorded at cost, which approximates market value, and provides for transfers to the checking account as needed. Both of these accounts are considered cash and cash equivalents for purposes of reporting cash flows.

The federated investment account is fully collateralized by the underlying United States Government and mortgage – backed securities.

Prepaid Expenses and Deposits

Prepaid expenses and deposits consists of insurance and other expenditures, whose term of coverage extends beyond December 31, 1999 and 1998, and the deposits required by the office space lease and the worker's compensation program.

Property and Equipment

Fixed assets are capitalized at cost and depreciated over their estimated useful lives on the straight-line basis.

Compensated Absences

A liability is accrued for vacation time when employees' rights to compensation are earned, vested and measurable. This liability was \$317 and \$242 at December 31, 1999 and 1998, respectively, and is included in accrued expenses.

Income Taxes

The CVB is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The CVB had no unrelated business income in 1999 and 1998.

**The Delaware County Convention and Visitors Bureau, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 1999**

(1) Summary of Significant Accounting Policies - continued

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Property and Equipment

Property and equipment consisted of the following:

	<u>1999</u>	<u>1998</u>
Office equipment	\$ 22,362	13,456
Leasehold improvements	<u>3,380</u>	<u>3,380</u>
	25,742	16,836
Accumulated depreciation	<u>(10,900)</u>	<u>(7,321)</u>
	\$ <u>14,842</u>	<u>9,515</u>

(3) Excise Tax on Lodging

The 3% excise tax on lodging is collected by the City of Delaware, Ohio (the City) under an agreement with Delaware County.

(4) Leases

The CVB leased office space under a lease agreement that expired on September 30, 1999. On October 1, 1999, the CVB began leasing an expanded space in the same building under a new lease agreement expiring September 30, 2002. The new lease agreement required a security deposit equal to one month's rent and monthly payments of \$1,133 for the first year. The lease agreement also provides for annual rent increases. Rent expense for 1999 and 1998 were \$8,664 and \$6,508, respectively.

In addition, the CVB began leasing certain office equipment under an operating lease that expires in October 2002. The lease requires monthly payments of \$151. Payments under the lease totaled \$303 for the year ended December 31, 1999.



**The Delaware County Convention and Visitors Bureau, Inc.**  
**Notes to Financial Statements, continued**  
**December 31, 1999**

**(5) Employee Benefits**

The CVB has adopted a self-funded, short-term disability personnel policy covering the Executive Director. Under terms of the personnel policy, the Director would be paid 60% of her salary until such time as the long-term disability insurance policy commences coverage. The CVB's liability for the short-term disability coverage would occur after all vacation and sick leave has been used. No liability for this personnel policy has been recorded in the financial statements, however, the CVB's potential liability under this policy is approximately \$4,760 and \$4,800 at December 31, 1999 and 1998, respectively.

**(6) Unearned Tax Revenue**

In 1999, a new Delaware County hotel collected and remitted the Delaware County excise tax on lodging. Because this hotel was located in the City of Columbus no Delaware County tax should have been collected. The Delaware County Prosecutor's office advised the CVB that pursuant to Ohio Revised Code Section 5739.07, consumers who have erroneously paid this tax may file an application for a refund during the four years after the tax was paid. In addition, the funds already collected should be kept in a separate fund until the four-year period has expired. At that time, the funds may be released and utilized as any other funds from the lodging tax.

The unearned tax revenue and restricted cash on the statement of financial position represents the excise tax on lodging the CVB actually received in 1999 that should not have been collected. In 2000, the CVB moved these funds into a separate bank account.

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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**

To the Board of Trustees of  
The Delaware County Convention and Visitors Bureau, Inc.

We have audited the financial statements of The Delaware County Convention and Visitors Bureau, Inc. (the CVB) (a nonprofit organization) as of and for the year ended December 31, 1999 and have issued our report thereon dated May 17, 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 the CVB 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 our audit, we considered the CVB'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 trustees, management, and other officials, and is not intended to be and should not be used by anyone other than these specified parties.

*Wolf, Rogers, Dickey & Co.*  
Certified Public Accountants

Delaware, Ohio  
May 17, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

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THE DELAWARE COUNTY CONVENTION & VISITORS BUREAU, INC.  
DELAWARE 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.

By: Susan Babbitt

Date: JULY 6, 2000