

LORAIN COUNTY VISITOR'S BUREAU, INC.
(A NON-PROFIT ORGANIZATION)

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2000 AND 1999

ALAN V. JANUZZI
CERTIFIED PUBLIC ACCOUNTANT

LORAIN COUNTY VISITOR'S BUREAU, INC.
(A NON-PROFIT ORGANIZATION)
AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION
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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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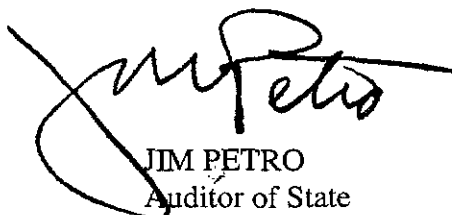
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To the Board of Trustees
Lorain County Visitor's Bureau, Inc.

We have reviewed the independent auditor's report of the Lorain County Visitor's Bureau, Inc., prepared by Alan V. Januzzi, Certified Public Accountant, for the audit period April 1, 1999 through March 31, 2000. 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 Lorain County Visitor's Bureau, Inc. is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

May 30, 2000

ALAN V. JANUZZI
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REPORT OF INDEPENDENT AUDITORS

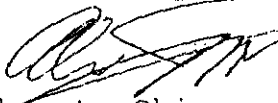
To the Board of Trustees of Lorain County
Visitor's Bureau, Inc.:

I have audited the accompanying statements of financial position of Lorain County Visitor's Bureau, Inc. (a non-profit organization) as of March 31, 2000 and 1999, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lorain County Visitor's Bureau, Inc. as of March 31, 2000 and 1999, 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, I have also issued my report dated May 15, 2000, on my consideration of Lorain County Visitor's Bureau, Inc.'s internal control over financial reporting, and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.



Amherst, Ohio
May 15, 2000

LORAIN COUNTY VISITOR'S BUREAU, INC.
 STATEMENTS OF FINANCIAL POSITION
 MARCH 31, 2000 AND 1999

	3/31/00	3/31/99
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$55,598	\$95,205
Investments (Note E)	125,520	38,037
Lodging excise tax receivable (Note C)	59,931	68,875
Inventory - promotional material (Note A)	28,899	38,947
TOTAL CURRENT ASSETS	269,948	241,064
PROPERTY AND EQUIPMENT (Note B)	151,026	148,253
Less accumulated depreciation	(127,478)	(115,264)
NET PROPERTY AND EQUIPMENT	23,548	32,989
OTHER ASSETS		
Deposits	398	398
TOTAL ASSETS	293,894	274,451
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	10,730	21,169
Payroll taxes withheld and accrued	3,578	3,575
TOTAL CURRENT LIABILITIES	14,308	24,744
NET ASSETS - UNRESTRICTED	279,586	249,707
TOTAL LIABILITIES AND NET ASSETS	\$293,894	\$274,451

See accompanying notes to financial statements.

LORAIN COUNTY VISITOR'S BUREAU, INC.
 STATEMENTS OF ACTIVITIES
 YEARS ENDED MARCH 31, 2000 AND 1999

	12 MONTHS 3/31/00	12 MONTHS 3/31/99
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Lodging excise tax revenues (NOTE C)	\$418,986	\$414,440
Investment income (NOTE E)	8,706	3,967
TOTAL SUPPORT AND REVENUE	427,692	418,407
EXPENSES		
ADVERTISING AND PROMOTION		
Media advertising	88,917	82,753
Brochures	52,888	54,585
Travel and conventions	2,833	2,588
Promotion	18,121	15,364
Trade shows & events	6,953	9,993
Telephone, postage and supplies	20,307	24,282
TOTAL ADVERTISING AND PROMOTION	190,019	189,565
SALARIES AND WAGES	116,251	129,198
COLLECTION EXPENSE	12,950	11,964
OFFICE RENT	13,370	13,257
DEPRECIATION (NOTE B)	12,214	11,430
POSTAGE	1,400	853
SUPPLIES	4,121	2,288
PAYROLL TAXES	6,590	9,162
TELEPHONE	3,592	3,090
PROFESSIONAL FEES	1,732	8,546
EQUIPMENT EXPENSES	4,650	5,088
TRAVEL	1,288	2,148
DUES AND SUBSCRIPTIONS	3,514	3,785
UTILITIES	2,424	2,700
INSURANCE	15,186	17,885
AUTOMOBILE EXPENSES	1,885	920
CASUAL LABOR	234	
MAINTENANCE AND REPAIRS	2,744	5,457
CONVENTIONS, SEMINARS AND MEETINGS	2,833	1,726
BANK CHARGES	359	417
PUBLICATIONS	457	516
TOTAL EXPENSES	397,813	419,995
INCREASE (DECREASE) IN NET ASSETS	29,879	(1,588)
NET ASSETS, BEGINNING OF YEAR	249,707	251,295
NET ASSETS, END OF YEAR	\$279,586	\$249,707

See accompanying notes to financial statements.

LORAIN COUNTY VISITOR'S BUREAU, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED MARCH 31, 2000 AND 1999

	12 MONTHS 3/31/00	12 MONTHS 3/31/99
<hr/>		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$29,879	(\$1,588)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	12,214	11,430
Changes in operating assets & liabilities:		
Unrealized (ap)depreciation in investments	(2,744)	3379
Decrease (increase) in receivables	8,943	(7,947)
Decrease (increase) in inventory	10,048	(12,662)
Increase (decrease) in accounts payable	(10,438)	3,423
Increase (decrease) in payroll liabilities	3	330
	<hr/>	
INCREASE (DECREASE) IN CASH FROM OPERATIONS	47,905	(3,635)
INVESTING ACTIVITIES		
Purchases of property and equipment	(2,773)	(4,142)
Purchase of investments	(84,739)	(2,923)
	<hr/>	
CASH USED IN INVESTING ACTIVITIES	(87,512)	(7,065)
	<hr/>	
NET INCREASE (DECREASE) IN CASH	(39,607)	(10,700)
	<hr/>	
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	95,205	105,905
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CASH & CASH EQUIVALENTS, END OF YEAR	\$55,598	\$95,205
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See accompanying notes to financial statements.

LORAIN COUNTY VISITOR'S BUREAU, INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2000 AND 1999

A. NATURE OF ACTIVITIES AND SUMMARY
OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF ACTIVITIES

Lorain County Visitor's Bureau, Inc. is an Ohio non-profit corporation exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The corporation was formed to use funds generated in Lorain County from the Hotel Lodging Excise Tax enacted under Resolution 83-492 on April 29, 1982. The corporation's purpose is to promote travel and tourism in Lorain County.

The organization promotes travel and tourism in Lorain County by undertaking numerous activities throughout the year. It spends a substantial amount of its resources in media advertising promoting Lorain County, and in developing brochures promoting the activities and points of interest in the county. Each year, Lorain County Visitor's Bureau, Inc. publishes a Lorain County Visitor's Guide available to those who are interested in visiting Lorain County. The organization also works with other non-profit organizations in other area visitor's bureaus to further its efforts.

On March 21, 1996, Lorain County Visitor's Bureau, Inc. entered into a five-year contract starting April 1, 1996 and ending March 31, 2001. This contract is with the Board of Commissioners of Lorain County, Ohio, and provides that as long as the bed tax exists, and as long as Lorain County Visitor's Bureau, Inc. maintains its existence, it will be the recipient of the bed tax proceeds, after allocations to localities and the collection fee charged by the County Commissioners. The existence of the Lorain County Visitor's Bureau, Inc. does depend on the collection of the lodging excise tax and its contract with the Lorain County Commissioners.

2. BASIS OF ACCOUNTING

The financial statements for Lorain County Visitor's Bureau, Inc. for the years ended March 31, 2000 and 1999 were prepared on the accrual method of accounting.

3. DONATED SERVICES

Periodically, volunteers provide services to Lorain County Visitor's Bureau, Inc. The value of these services is not recorded in the financial statements since there is no objective method for assigning a monetary value to those services, and they are not considered material in relation to the overall financial operations of the corporation.

4. INVENTORY

Inventory consists of promotional materials such as brochures and guides. Inventory is carried at cost and is relieved on a first-in, first-out basis.

5. CLASSIFICATION

The costs of collecting the Lodging Excise Tax is reflected in the financial statements as "Collection Expense". This represents the cost incurred by the County of Lorain in collecting and distributing the tax.

6. 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.

7. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Office furniture and fixtures are depreciated over a useful life of 7 years. Other equipment is depreciated over 10 years. Leasehold improvements are depreciated over 10 years. Computer equipment is depreciated over 7 years, and automobiles are depreciated over 5 years. Expenses for repairs and maintenance that do not add to the useful life of assets or contribute to their betterment are expensed as repairs and maintenance in the period incurred. The organization capitalizes and depreciates all assets that exceed a certain dollar amount if they have a useful life that extends beyond one year.

8. FINANCIAL STATEMENT PRESENTATION

The organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the organization 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. In addition, the organization is required to present a statement of cash flows. As permitted by this new statement, the organization does not use fund accounting, and has, accordingly, classified its financial statements to present three of the classes of net assets, where required. At March 31, 2000 and 1999, the organization did not have any temporarily or permanently restricted net assets.

9. INCOME TAXES

The organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The organization is not classified as a private foundation. As such, the organization is exempt from certain federal, state and local income taxes.

B. FIXED ASSETS AND DEPRECIATION

Fixed assets are recorded at cost. The basis of the fixed assets are being depreciated over their estimated useful lives using the straight line method of depreciation. The costs and accumulated depreciation of fixed assets at March 31, 2000 and 1999 were as follows:

LORAIN COUNTY VISITOR'S BUREAU, INC.
 NOTES TO FINANCIAL STATEMENTS
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	<u>MARCH 31, 1999</u>	<u>MARCH 31, 2000</u>
Furniture	\$ 21,185	\$ 21,185
Office Equipment	48,425	51,198
Vehicle	17,190	17,190
Signs	3,116	3,116
Radio Station	9,009	9,009
Leasehold Improvements	39,830	39,830
Show Equipment	9,498	9,498
	-----	-----
Totals	148,253	151,026
Less: Accumulated Depreciation	(115,264)	(127,478)
	-----	-----
Net Fixed Assets	\$ 32,989	\$ 23,548
	=====	=====

Depreciation expense for the years ended March 31, 2000 and 1999 is \$12,214 and \$11,430, respectively.

C. RECEIVABLES AND LODGING EXCISE TAX COLLECTIONS

The operations of Lorain County Visitor's Bureau, Inc. are dependent on the collection of the Lodging Excise Tax. The tax is collected and remitted quarterly. Taxes collected in a given quarter are remitted to Lorain County Visitor's Bureau, Inc. approximately 60 days after the quarter. The amount due to the corporation for the quarter ended March 31, 2000 and 1999 was \$59,931 for 2000 and \$68,875 for 1999.

D. CASH AND CASH EQUIVALENTS

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

Included in cash and cash equivalents at March 31, 2000 is a Fannie May repurchase agreement in the amount of \$15,000 which matures on June 23, 2000.

E. INVESTMENTS AND INVESTMENT INCOME

At March 31, 2000, the organization had invested funds in a mutual fund and certificates of deposit. The organization had 2,951 shares of the Oppenheimer Total Return Fund, Inc. Class C with a fair market value of \$41,779, and two certificates of deposit, one maturing in 99 days, and the other in 13 months.

The Oppenheimer Total Return Fund had a cost basis of \$39,035 and a fair market value of \$41,779. The appreciation in fair market value of \$2,744 is included in investment income. Also included in investment income is a realized loss on the sale of a mutual fund of \$1,559. The remaining amount of investment income represents interest on certificates of deposit and temporary savings and dividends on the mutual fund shares.

F. PROGRAM COSTS

During the March 31, 2000 year, the organization spent a majority of its costs on its only program of promoting tourism in Lorain County. Some of its resources were allocated to administration and supportive services, as follows:

Program expenses	\$363,008
Supportive services	34,805

TOTAL EXPENSES:	\$397,813
	=====

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS OF
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Lorain County Visitor's Bureau, Inc.

I have audited the financial statements of Lorain County Visitor's Bureau, Inc. (a non-profit organization) as of and for the years ended March 31, 2000 and 1999, and have issued my report hereon dated May 15, 2000. I conducted my 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 Lorain County Visitor's Bureau, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclose no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lorain County Visitor's Bureau, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements, and not to provide assurance on internal control over financial reporting. My 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 and 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

LORAIN COUNTY VISITOR'S BUREAU, INC.
REPORT ON COMPLIANCE AND INTERNAL CONTROLS
PAGE 2

functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Board of Trustees of Lorain County Visitor's Bureau, Inc., management and the Lorain County Commissioners.

A handwritten signature in black ink, appearing to be "J. A. M.", written in a cursive style.

Amherst, Ohio
May 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LORAIN COUNTY VISITOR'S BUREAU, INC.

LORAIN 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: JUNE 13, 2000