

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.



FINANCIAL STATEMENTS

ORGANIZATION - WIDE AUDIT

for the years ended December 31, 2000 and 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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To the Board of Directors
Mansfield and Richland County Convention and Visitors Bureau, Inc.

We have reviewed the independent auditor's report of the Mansfield and Richland County Convention and Visitors Bureau, Inc., prepared by Kleshinski, Morrison & Morris, LLP, for the audit period January 1, 2000 through December 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 Mansfield and Richland County Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 9, 2001

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INDEPENDENT AUDITORS' REPORT

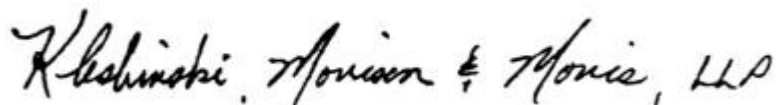
**To the Board of Directors of
Mansfield & Richland County Convention
& Visitors Bureau, Inc.**

We have audited the accompanying statement of financial position of Mansfield & Richland County Convention & Visitors Bureau, Inc. as of December 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller of the United States. These 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 audits provide 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 Mansfield & Richland County Convention & Visitors Bureau, Inc. as of December 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*, we have also issued our report dated June 22, 2001 on our consideration of Mansfield & Richland County Convention & Visitors Bureau, Inc.'s internal control over financial reporting.



KLESHINSKI, MORRISON & MORRIS, LLP

June 22, 2001

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2000 and 1999

	Assets		
		2000	1999
Current assets			
Cash	\$	136,382	\$ 144,101
Accounts receivable		34,662	35,996
Inventory		3,996	4,725
Prepaid expenses		<u>3,036</u>	<u>2,136</u>
Total current assets		<u>178,076</u>	<u>186,958</u>
Property and equipment			
Office equipment		102,226	99,378
Vehicle		39,659	19,314
Leasehold improvements		<u>16,779</u>	<u>15,754</u>
		158,664	134,446
Less: Accumulated depreciation		<u>(89,915)</u>	<u>(75,565)</u>
Total property and equipment		<u>68,749</u>	<u>58,881</u>
Other assets			
Deposits		<u>2,928</u>	<u>2,928</u>
Total other assets		<u>2,928</u>	<u>2,928</u>
Total assets		<u>\$ 249,753</u>	<u>\$ 248,767</u>

STATEMENT OF FINANCIAL POSITION

December 31, 2000 and 1999

Liabilities and Net Assets

	2000	1999
Current liabilities		
Current portion of capital lease obligations	\$ 7,637	\$ 10,959
Accounts payable	1,902	1,244
Accrued payroll taxes	5,570	83
Accrued pension	--	1,834
Custodial fund obligation	<u>1,981</u>	<u>3,171</u>
Total current liabilities	17,090	17,291
Long-term liabilities		
Capital lease obligation, less current portion	<u>19,565</u>	<u>7,231</u>
Total liabilities	<u>36,655</u>	<u>24,522</u>
Net Assets		
Unrestricted	213,098	224,245
Temporarily restricted	--	--
Permanently restricted	<u>--</u>	<u>--</u>
Total net assets	<u>213,098</u>	<u>224,245</u>
Total liabilities and net assets	<u>\$ 249,753</u>	<u>\$ 248,767</u>

See accompanying notes and accountants' report

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF ACTIVITIES

for the years ended December 31, 2000 and 1999

Changes in unrestricted net assets:

Revenues	2000	1999
Bed tax	\$ 471,040	\$ 470,399
Membership dues	21,679	23,325
Interest income	1,605	1,517
Miscellaneous income	41,552	35,391
Project revenue	2,154	--
Total revenues	<u>538,030</u>	<u>530,632</u>
Expenses		
Salaries	201,551	181,559
Payroll taxes	16,822	15,437
Insurance, health	10,849	13,956
Retirement	12,874	13,003
Outside labor	1,423	3,646
Accounting	14,530	7,852
Advertising	46,159	54,706
Board meetings	2,198	4,933
Brochures	68,228	58,814
Dues and subscriptions	4,411	4,958
Employee education	377	514
Grants and allocations	9,654	35,234
Insurance, general	3,519	2,520
Legal fees	702	749
Office expense	13,316	11,695
Postage	13,888	15,078
Promotion	33,995	22,065
Rent	19,742	18,600
Repairs and maintenance	14,759	5,465
Telephone	21,323	18,853
Tourist information center	1,684	1,588
Trade shows, conventions and meetings	4,743	10,023
Travel and entertainment	9,124	7,723
Utilities	5,797	5,946
Vehicle expense	1,694	756
Total operating expenses	<u>533,362</u>	<u>515,673</u>

(Continued on next page)

STATEMENT OF ACTIVITIES

for the years ended December 31, 2000 and 1999

Other expenses		
Interest	<u>1,465</u>	<u>1,804</u>
Total other expenses	<u>1,465</u>	<u>1,804</u>
Total expenses before depreciation	534,827	517,477
Depreciation	<u>14,350</u>	<u>14,063</u>
Total expenses	<u>549,177</u>	<u>531,540</u>
Decrease in unrestricted net assets from operations	(11,147)	(908)
Net assets at beginning of year	<u>224,245</u>	<u>225,153</u>
Net assets at end of year	<u>\$ 213,098</u>	<u>\$ 224,245</u>

See accompanying notes and accountants' report.

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF CASH FLOWS

for the years ended December 31, 2000 and 1999

	2000	1999
Cash flows from operating activities:		
Decrease in net assets	\$ (11,147)	\$ (908)
Adjustments to reconcile excess of expenses over revenue in net assets to net cash used in operating activities:		
Depreciation	14,350	14,063
(Increase) decrease in assets:		
Prepaid expenses	(900)	49
Inventory	729	5,919
Accounts receivable	1,334	(982)
Deposit	--	(1,551)
Increase (decrease) in liabilities:		
Accounts payable	658	87
Accrued payroll taxes	5,487	(609)
Accrued pension	(1,834)	1,226
Custodial fund liability	(1,190)	842
Net cash provided by operating activities	<u>7,487</u>	<u>18,136</u>
Cash flows from investing activities		
Capital expenditures	<u>(3,874)</u>	<u>(1,323)</u>

(Continued on next page)

STATEMENT OF CASH FLOWS

for the years ended December 31, 2000 and 1999

Cash flows from financing activities

Repayment on capital lease obligations	<u>(11,332)</u>	<u>(9,172)</u>
Net increase (decrease) in cash	(7,719)	7,641
Cash, beginning of year	<u>144,101</u>	<u>136,460</u>
Cash, end of year	<u>\$ 136,382</u>	<u>\$ 144,101</u>

Supplemental Schedule of Noncash Investing and Financing Activities:

During 1999 the organization amended the 1998 lease for computer equipment by adding a new computer system and server. The additional lease obligation of \$7,272 is payable in monthly installments through April 2001.

During 2000 the organization entered into a capital lease obligation for a 2001 Chrysler Concorde LX. The lease obligation was in the amount of \$20,345 and requires monthly installments through December 2003.

See accompanying notes and accountants' report.

MANSFIELD & RICHLAND COUNTY CONVENTION & VISITORS BUREAU, INC.

Notes to Financial Statements

Note 1. Organization and Significant Accounting Policies

The Mansfield & Richland County Convention & Visitors Bureau, Inc. was formed to promote the area and its facilities and attractions as a destination for visitors, resulting in increased business activity and improved quality of life for Richland County.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Mansfield & Richland County Convention & Visitors Bureau, Inc. has adopted 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, Mansfield & Richland County Convention & Visitors Bureau, Inc. is required to present a statement of cash flows.

Contributions

The Mansfield & Richland County Convention & Visitor Bureau, Inc. recognizes contributions in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made". SFAS No. 116 generally requires measuring contributions received and promises to give at their fair value and reporting them as an increase in net assets immediately, even if the donor has restricted their use and the restriction will be met in a future reporting period; that is, none are deferred. As a result, restricted support is recorded immediately, either as an increase in temporarily restricted net assets or permanently restricted net assets, depending on the nature of the donor restricted.

Federal Income Taxes

The Internal Revenue Service has determined that Mansfield & Richland County Convention & Visitors Bureau, Inc. is exempt from federal income taxes under Section 501 (C)(6) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been reflected in these financial statements.

**Note 1. Organization and Significant Accounting Policies
(Continued)**

Use of 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.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Property and Equipment

Acquisitions of property and equipment are recorded at cost or amounts assigned if acquired by gift. The carrying amount of assets sold, retired, or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reported as other revenues or expenses.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

Leasehold improvements	39 Years
Furniture & fixtures	5 - 10 Years
Vehicles	8 Years

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expenses amounted to \$46,159 and \$54,706 for the years ended December 31, 2000 and 1999.

Support and Grants

The Mansfield & Richland County Convention & Visitors Bureau, Inc. reports donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

**Note 1. Organization and Significant Accounting Policies
(Continued)**

Inventory

Inventory is stated at the lower of cost or market. Cost is determined on the first-in, first out basis. Inventories consist principally of brochures.

Note 2. Retirement Plan

The organization terminated its Money Purchase Plan and adopted a 401(k) plan effective July 1, 1999. All employees over 21 years of age with 1,000 hours of service are eligible to participate in the 401(k) plan. Annual employer contributions to the plan are required at 7% of the participant's eligible compensation as defined in the plan. In addition, employee elective contributions are allowed up to 15% of eligible compensation. The organization's contributions to the active retirement plan totalled \$12,874 and \$13,003 for 2000 and 1999, respectively.

Note 3. Concentrations of Credit Risk

Financial instruments that potentially subject the agency to credit risk include cash on deposit with a financial institution amounting to \$134,401 at December 31, 2000, which was insured for up to \$100,000 by the U.S. Federal Deposit Insurance Corporation.

Note 4. Commitments and Contingencies

The organization receives a substantial amount of support from the City and County. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

Note 5. Capital Leases

The organization leases a computer system, telephone system and an automobile under the terms of lease agreements expiring on various dates through December 2003. Based on the provisions of Statement No. 13, issued by the Financial Accounting Standards Board, these leases meet the criteria of a capital lease, and accordingly, have been recorded as such. The net present value of the minimum lease payments have been recorded as assets and liabilities. The recorded assets are being depreciated in accordance with the estimated useful lives described in Note 2, and the depreciation is included in depreciation expense in the accompanying statement of sales and distribution expenses.

Note 5. Capital Leases (Continued)

Future minimum lease payments on capital leases in effect at December 31, 2000 and the present value of the net minimum lease payments related thereto, are as follows:

Period ended December 31:

2001	\$ 10,081
2002	6,556
2003	15,829
2004	--
2005	<u>--</u>
Total minimum lease payments	32,466
Less: Amount representing interest, taxes and insurance	<u>5,264</u>
Present value of net minimum lease payments	27,202
Less: Current portion	<u>(7,637)</u>
Capital lease obligation	<u>\$ 19,565</u>

Note 6. Operating Leases

On November 30, 1999 the Organization entered into a building lease agreement with North Main, Inc. for an initial lease term of 5 years with one (1) option to renew up to 5 years. The initial lease commenced on April 1, 2000. The lease agreement with Foster-Parton expired March 31, 2000. Both leases require monthly lease payments of \$1,550.

Accordingly, the future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2000 are as follows:

Period ended December 31:

2001	\$ 18,600
2002	18,600
2003	18,600
2004	18,600
2005	18,600
Thereafter	<u>80,600</u>
	<u>\$ 173,600</u>

Note 7. Donated Services

The Organization has made in-kind contributions to the Johnny Appleseed Heritage Center. The Johnny Appleseed Heritage Center utilizes office space and administrative support services provided by the Organization. The dollar value of these services has not been quantified. Consequently, an amount for in-kind services has not been recognized in these financial statements.

**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 Directors of
Mansfield & Richland County Convention
& Visitors Bureau, Inc.**

We have audited the financial statements of Mansfield & Richland County Convention & Visitors Bureau, Inc. as of and for the years ended December 31, 2000 and 1999 have issued our report thereon dated June 22, 2001. We conducted our audits 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 Mansfield & Richland County Convention & Visitors Bureau, Inc.'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 audits 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 audits, we considered Mansfield & Richland County Convention & Visitors Bureau, Inc.'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 considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the Mansfield & Richland County Convention & Visitors Bureau, Inc. in a separate letter dated June 22, 2001.

To the Board of Directors of
Mansfield & Richland County Convention
& Visitors Bureau, Inc.

This report is intended solely for the information and use of the Board of Directors, Management, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Kleshinski, Morrison & Morris, LLP

KLESHINSKI, MORRISON & MORRIS, LLP

June 22, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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MANSFIELD AND RICHLAND COUNTY CONVENTION AND VISITORS BUREAU, INC.

RICHLAND 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
JULY 26, 2001**