

**CAMBRIDGE/GUERNSEY COUNTY
VISITORS & CONVENTION
BUREAU**

*Financial Statements
December 31, 2003 and 2002*



**Auditor of State
Betty Montgomery**

Board of Directors
Cambridge/Guernsey County Visitors & Convention Bureau
627 Wheeling Avenue, Suite 200
Cambridge, Ohio 43725

We have reviewed the Independent Auditor's Report of the Cambridge/Guernsey County Visitors & Convention Bureau, prepared by Rea & Associates, Inc., for the audit period January 1, 2002 through December 31, 2003. 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 Cambridge/Guernsey County Visitors & Convention Bureau is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 16, 2004

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**CAMBRIDGE/GUERNSEY COUNTY
VISITORS & CONVENTION BUREAU**

**FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 4, 2004

Board of Directors
Cambridge/Guernsey County
Visitors & Convention Bureau
Cambridge, Ohio 43725

Independent Auditor's Report

We have audited the accompanying statements of assets, liabilities and net assets - cash basis of Cambridge/Guernsey County Visitors & Convention Bureau (a non-profit organization) as of December 31, 2003 and 2002, and the related statements of revenue, expenses and changes in net assets - cash basis 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Cambridge/Guernsey County Visitors & Convention Bureau as of December 31, 2003 and 2002, and its revenue, expenses and the changes in its net assets for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 4, 2004 on our consideration of the Cambridge/Guernsey County Visitors & Convention Bureau internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Rea & Associates, Inc.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS-
CASH BASIS
AS OF DECEMBER 31, 2003 AND 2002

ASSETS

	<u>2003</u>	<u>2002</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 142,717	\$ 189,229
	<u> </u>	<u> </u>
Total assets	<u>\$ 142,717</u>	<u>\$ 189,229</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Payroll Withholding	\$ 2,733	\$ 1,905
	<u> </u>	<u> </u>
NET ASSETS:		
Unrestricted	139,984	187,324
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 142,717</u>	<u>\$ 189,229</u>

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

**CAMBRIDGE/GUERNSEY COUNTY
VISITORS & CONVENTION BUREAU**

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**STATEMENTS OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS-
CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
Revenue and other support:		
Bed tax	\$ 246,146	\$ 266,697
Co-op ad reimbursement	8,702	14,435
Interest income	1,484	2,784
	<hr/>	<hr/>
Total revenue and other support	256,332	283,916
 Expenses:		
Payroll	102,303	88,995
Payroll taxes and employee benefits	36,268	26,670
Rent	13,621	13,500
Telephone	4,444	6,439
Utilities	479	539
County tourism promotion	27,331	24,033
Office supplies and postage	33,569	18,636
Dues and subscriptions	2,789	5,044
Professional fees	600	5,868
Travel	536	551
Repairs and maintenance	1,686	1,084
Trade shows	15,910	17,133
Contracted services	10,000	10,000
Meetings and seminars	319	4,854
Leases	4,810	4,653
Licenses and fees	1,125	0
Insurance	661	661
Advertising and printing	46,549	49,469
Miscellaneous	672	444
	<hr/>	<hr/>
	303,672	278,573
	<hr/>	<hr/>
Increase (Decrease) in unrestricted net assets	(47,340)	5,343
 NET ASSETS, At beginning of year	 187,324	 181,981
	<hr/>	<hr/>
NET ASSETS, At end of year	\$ 139,984	\$ 187,324
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The accompanying notes are an integral part of these financial statements.

**CAMBRIDGE/GUERNSEY COUNTY
VISITORS & CONVENTION BUREAU**

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Cambridge/Guernsey County Visitors & Convention Bureau (the Organization) was created to promote, develop, and encourage interest in tourist attractions in Guernsey County and to promote Cambridge as a location for meetings and conventions of various organizations throughout the Ohio area. The Organization is directed by a seven member board. These board members are selected by an agreement with the Guernsey County Commissioners office.

Basis of Presentation

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Consequently, receipts are recognized when received in cash rather than earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

Unrestricted Net Assets

Unrestricted net assets are resources that are not subject to donor - imposed stipulations.

Cash and Cash Equivalents

For the purposes of the statement of financial position, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with the principles of a comprehensive basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from Federal Income Tax under Internal Revenue Code 501 (c)(6) and therefore has not made any provision for Federal income taxes.

Advertising Costs

The Organization expenses the production cost of advertising the first time the advertising takes place.

**CAMBRIDGE/GUERNSEY COUNTY
VISITORS & CONVENTION BUREAU**

NOTES TO FINANCIAL STATEMENTS

NOTE 2: RELIANCE ON BED TAX REVENUE

The Organization receives a significant amount of its support from permissive lodging excise tax. Guernsey County Commissioners adopted the imposition of the maximum amount of excise tax (3%) on transactions by which lodging by a hotel is or is to be furnished to guests. The excise tax is collected by the Guernsey County Auditors office. The loss of this revenue would have an adverse effect on the Organization's financial condition.

NOTE 3: OPERATING LEASE

The Organization entered into an operating lease for office space during the latter part of 1999. The lease period is for one year and is renewable at the consent of both parties within the agreement. The organization signed a new lease agreement for a lease term of one year beginning September 1, 2003. The lease period is renewable at the consent of both parties within the agreement. Total operating lease expense was \$13,621 and \$13,500 for years ending 2003 and 2002, respectively.

NOTE 4: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains cash balances with primarily two financial institutions in Cambridge, Ohio. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2003 and 2002, the Organization had uninsured cash balances of \$29,724 and \$85,391.

NOTE 5: TRANSACTIONS WITH RELATED PARTIES

The Organization shares its federal identification number and files a consolidated tax return with the Cambridge Area Chamber of Commerce. The Chamber of Commerce bookkeeper prints and writes all checks for the Organization. The Organization paid the Cambridge Area Chamber of Commerce for bookkeeping services \$10,000 in 2003 and 2002. The Organization also paid the Cambridge Area Chamber of Commerce for promotional services of approximately \$13,300 and \$12,500 in 2003 and 2002, respectively.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 4, 2004

Board of Directors
Cambridge/Guernsey County
Visitors & Convention Bureau
Cambridge, Ohio 43725

**Independent Auditor's Report on Compliance and Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of Cambridge/Guernsey County Visitors & Convention Bureau (the "Organization") as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 4, 2004. We conducted our audits 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.

Compliance

As part of obtaining reasonable assurance about whether the Organization'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 Organization'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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to 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. However, we noted certain immaterial instances of noncompliance that we have reported to management of the organization in a separate letter dated June 4, 2004.

This report is intended for the information and use of the Board of Directors and Management of the Organization and is not intended to be and should not be used by anyone other than these specific parties.

Rea & Associates, Inc.



**Auditor of State
Betty Montgomery**

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CAMBRIDGE/GUERNSEY COUNTY VISITORS AND CONVENTION BUREAU

GUERNSEY 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
AUGUST 31, 2004**