

**SPRINGFIELD AREA CONVENTION
AND VISITORS BUREAU, INC.**

**INDEPENDENT AUDITOR'S REPORT
WITH
FINANCIAL STATEMENTS**

YEAR ENDED AUGUST 31, 2003



**Auditor of State
Betty Montgomery**

Board of Directors
Springfield Area Convention and Visitors Bureau, Inc.

We have reviewed the Independent Auditor's Report of the Springfield Area Convention and Visitors Bureau, Inc., Clark County, prepared by Mesarvey, Russell & Co., LLC, for the audit period September 1, 2002 through August 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 Springfield Area Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 28, 2004

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Mesarvey, Russell & Co., LLC

Certified Public Accountants

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Board of Directors Springfield Area Convention and Visitors Bureau, Inc. Springfield, Ohio

We have audited the statement of assets, liabilities and fund balances arising from the cash transactions of the Springfield Area Convention and Visitors Bureau, Inc. as of August 31, 2003, and the related statements of revenues and expenses, changes in fund balances, and changes in cash balances (general fund) for the year then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards applicable to the financial audits contained in the *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.

As described in Note 1, the Springfield Area Convention and Visitors Bureau, Inc. prepares its financial statements using a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above, present fairly, in all material respects, the assets, liabilities and fund balances arising from the cash transactions of the Springfield Area Convention and Visitors Bureau, Inc. at August 31, 2003, and the revenues and expenses, changes in fund balances, and changes in cash balances (general fund) for the year then ended in conformity with the basis of accounting described above and in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2003 on our consideration of the Springfield Area Convention and Visitors Bureau, Inc.'s internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, and contracts and grants.

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

Mesarvey, Russell & Co., LLC

A Limited Liability Company
Independent Certified Public Accountants

September 23, 2003

SPRINGFIELD AREA CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
AUGUST 31, 2003

ASSETS

GENERAL FUND

Cash	61,351	
Accounts Receivable - Other	<u>1,625</u>	62,976

GRANT FUND

Cash		87,668
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EQUIPMENT FUND

Office equipment and audio visual	30,529	
Vehicle	14,867	
Leasehold improvements	<u>11,059</u>	
Cost basis	56,455	
Accumulated depreciation	<u>25,234</u>	<u>31,221</u>
		<u>181,865</u>

LIABILITIES AND FUND BALANCES

GENERAL FUND

Accounts Payables - Grants	2,100	
Fund balance	<u>60,876</u>	62,976

GRANT FUND

Fund balance		87,668
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EQUIPMENT FUND

Fund balance		<u>31,221</u>
		<u>181,865</u>

See accompanying notes.

SPRINGFIELD AREA CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2003

	<u>GENERAL FUND</u>	<u>GRANT FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
City of Springfield accommodations tax	218,340	48,520	266,860
Springfield Township accommodations tax	53,316	11,848	65,164
Other income	8,047	-	8,047
Interest earned	545	855	1,400
	<u>280,248</u>	<u>61,223</u>	<u>341,471</u>
 <u>ADMINISTRATIVE EXPENSES</u>			
Administrative fees	237,056	-	237,056
Travel	5,523	-	5,523
	<u>242,578</u>	<u>-</u>	<u>242,578</u>
 <u>PROGRAM EXPENSES</u>			
Brochures	12,107	-	12,107
Advertising	9,922	-	9,922
Fireworks	750	-	750
Promotions	1,792	-	1,792
Trade shows	8,730	-	8,730
Marketing	4,944	-	4,944
Promotional Items	2,367	-	2,367
Brainstorming	463	-	463
Arts Express	-	15,000	15,000
Welcome Cedarville	1,476	-	1,476
City Center Involvement	809	-	809
City/County Maps	1,891	-	1,891
Special convention expense	922	-	922
Heritage Tourism	10,208	-	10,208
What's Happening Hotline	748	-	748
Bicentennial Activities	1,437	-	1,437
Cedarville Athletic	500	-	500
Taste of Springfield	271	-	271
Other Program expenses	473	-	473
Bureau meetings	1,408	-	1,408
Kiosk program	141	-	141
Grants awarded	-	34,500	34,500
	<u>61,358</u>	<u>49,500</u>	<u>110,858</u>
 Total expenses	 <u>303,936</u>	 <u>49,500</u>	 <u>353,436</u>

SPRINGFIELD AREA CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED AUGUST 31, 2003

<u>EXCESS OF REVENUES OVER (EXPENSES),</u>			
Before depreciation	(23,688)	11,723	(11,965)
Equipment fund: Depreciation	8,075	-	8,075
Loss on disposal of fixed assets	<u>2,746</u>	<u> </u>	<u>2,746</u>
<u>NET EXCESS OF REVENUES OVER (EXPENSES)</u>	<u>(34,509)</u>	<u>11,723</u>	<u>(22,786)</u>

See accompanying notes.

SPRINGFIELD AREA CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED AUGUST 31, 2003

GENERAL FUND

<u>BALANCE</u> , Beginning of year	101,531
Less: Excess of expenses over revenues before depreciator	(23,688)
Less: Net transfer to Equipment Fund	(14,867)
Less: Net transfers to Grant Fund	<u>(2,100)</u>
<u>BALANCE</u> , End of year	<u><u>60,876</u></u>

GRANT FUND

<u>BALANCE</u> , Beginning of year	73,845
Add: Excess of revenues over expenses	11,723
Add: Additions	<u>2,100</u>
<u>BALANCE</u> , End of year	<u><u>87,668</u></u>

EQUIPMENT FUND

<u>BALANCE</u> , Beginning of year	27,175
Add: Additions	14,867
Deduct: Depreciation	(8,075)
Loss on disposal of fixed assets	<u>(2,746)</u>
<u>BALANCE</u> , End of year	<u><u>31,221</u></u>

See accompanying notes.

SPRINGFIELD AREA CONVENTION & VISITORS BUREAU, INC.
STATEMENT OF CHANGES IN CASH BALANCES
YEAR ENDED AUGUST 31, 2003

SOURCES OF CASH

Excess of revenues over expenses	(22,786)	
Add items not affecting cash:		
Depreciation	8,075	
Increase in accounts payable	2,100	
Loss on disposal of fixed assets	2,746	
Increase in Accounts Receivable	<u>(1,625)</u>	
Cash used in operations		(11,490)

USES OF CASH

Purchase of equipment	<u>(14,867)</u>	
Cash used in operations		<u>(14,867)</u>

INCREASE IN CASH

(26,357)

CASH, Beginning

175,376

CASH, Ending

149,019

GENERAL FUND CASH

61,351

GRANT FUND CASH

87,668

149,019

See accompanying notes.

SPRINGFIELD AREA CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2003

Note 1. Summary of Significant Accounting Policies.

Accounting Method - The Bureau uses the cash basis method of accounting modified to recognize certain accounts receivable and accounts payable. Accounts receivable and accounts payable represent project income and expenses.

Fund Accounting - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Bureau, the accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds restricted by outside sources are so indicated and are distinguished from unrestricted funds designated for specific purposes by action of the Board of Directors. Externally restricted funds may only be utilized in accordance with the purposes established by the sources of such funds and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

Fixed Assets - Fixed assets are accounted for as a separate equipment fund. Additions are added to the fund whereas retirements and depreciation are subtracted from the fund. Fixed assets are depreciated over their estimated useful lives years using the straight line method.

Tax Status - The Springfield Area Convention and Visitors Bureau, Inc. is a non-profit organization and, as such, does not pay federal, state or local income taxes under Section 501 (c) (6) of the Internal Revenue Code.

Cash and Cash Equivalents - For purposes of reporting cash flows, all amounts maintained in the checking account and certificates of deposit with an original maturity of three months or less are considered cash and cash equivalents.

Funding - The Bureau has 4 year contracts with the City of Springfield and Springfield Township requiring the Bureau to promote the city and surrounding area for conventions and tourism. The agreement provides that the city and the township fund the promotion from an accommodation tax based upon budgets submitted by the Bureau. The provisions are so written that the funding is based upon the pro rata share of accommodation tax collections received by each party as compared to total accommodation tax collections received by the city and township. To the extent budgeted funds forwarded by either party to the Bureau exceed the actual tax collections, the Bureau is liable to return such funds. Any monies not expended by the

Bureau in a fiscal year shall be held by the Bureau for allocation to the Bureau's expanding programs and special projects subject to reasonable budget approval by the Bureau's Board of Trustees. The existing contracts which expire August 31, 2004 provides for payment to the Convention and Visitors Bureau to be 55% in total of the 6% accommodation tax collected. The payments are to be allocated between the General Fund (45%) and a new Grant Fund (10%) which will be used to support the promotion of local events and attractions based upon approval of each events grant application for funding.

The agreements with the City and Township provide 98% of the Bureau's revenue. We are unable to determine what impact a change in contract terms and/or renewal options would have on the Bureau at this time.

Note 2. Donated Services.

No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services.

Note 3. Related Party Transactions.

The Bureau operates in conjunction with the Springfield • Clark County Chamber of Commerce. As such, the administrative fee of \$236,307 charged includes the Bureau's proportionate share of salaries, payroll taxes, rent, fees and other administrative costs. The Bureau pays one half of the operating costs of a vehicle owned by the Community Improvement Corporation.

Note 4. Concentration of Credit Risk.

The Bureau maintains cash balances with various financial institutions throughout the year in excess of the amount insured by the Federal Depository Insurance Corporation. The financial institutions have strong credit ratings and management believes there is minimal risk concerning these deposits.

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**Board of Directors
Springfield Area Convention and Visitors Bureau, Inc.
Springfield, Ohio**

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the Springfield Area Convention and Visitors Bureau, Inc. (the Bureau) as of and for the year ended August 31, 2003, and have issued our report thereon dated September 23, 2003. We conducted our audit 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 Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 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. 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 solely for the information and use of the management, and is not intended to be and should not be used by anyone other than those specified parties.

Mesarvey, Russell & Co., LLC
Limited Liability Company
Independent Certified Public Accountants

September 23, 2003



**Auditor of State
Betty Montgomery**

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SPRINGFIELD AREA CONVENTION AND VISITORS BUREAU, INC.

CLARK 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
FEBRUARY 10, 2004**