

**ASHTABULA COUNTY
CONVENTION AND VISITORS BUREAU
AUSTINBURG, OHIO**

**FINANCIAL STATEMENTS
AND
AUDIT REPORTS**

For The Year Ended December 31, 2005



**Auditor of State
Betty Montgomery**

Board of Directors
Ashtabula County Convention and Visitors Bureau
1850 Austinburg Road
Austinburg, Ohio 44010

We have reviewed the *Independent Auditor's Report* of the Ashtabula County Convention and Visitors Bureau, prepared by S.R. Snodgrass, A.C., for the audit period January 1, 2005 through December 31, 2005. 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 Ashtabula County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 31, 2006

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Ashtabula County Convention and Visitors Bureau
FINANCIAL STATEMENTS AND AUDIT REPORT
For the Year Ended December 31, 2005

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Independent Auditor's Report

Board of Directors
Ashtabula County Convention and Visitors Bureau
Austinburg, Ohio

We have audited the accompanying statement of financial position of Ashtabula County Convention and Visitors Bureau (a nonprofit corporation) as of December 31, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Ashtabula County Convention and Visitors 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 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 audit provides 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 Ashtabula County Convention and Visitors Bureau as of December 31, 2005, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2006, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors
Independent Auditor's Report
Page 2

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

S. R. Snodgrass, A.C

Ashtabula, Ohio
March 28, 2006

Ashtabula County Convention and Visitors Bureau
STATEMENT OF FINANCIAL POSITION
December 31, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$	125,594
Accounts receivable, net		32,153
Prepaid expenses		363
Deposit – workers compensation		10
Property and equipment (net)		<u>37,059</u>

Total assets	\$	<u><u>195,179</u></u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$	6,463
Accrued expenses		<u>606</u>

Total liabilities		<u>7,069</u>
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NET ASSETS

Unrestricted		<u>188,110</u>
Total net assets		<u>188,110</u>

Total liabilities and net assets	\$	<u><u>195,179</u></u>
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The accompanying notes are an integral part of the financial statements.

Ashtabula County Convention and Visitors Bureau
STATEMENT OF ACTIVITIES
Year Ended December 31, 2005

	Unrestricted
REVENUES	
Membership dues	\$ 12,270
Visitors Guide	57,386
Bed Tax	279,052
Miscellaneous	113
Interest	1,322
Total revenues, gains, and other support	350,143
EXPENSES	
Program services	268,777
Supporting services:	
Management and general	132,382
Total expenses	401,159
CHANGES IN NET ASSETS	(51,016)
NET ASSETS AT BEGINNING OF YEAR	239,126
NET ASSETS AT END OF YEAR	\$ 188,110

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

Ashtabula County Convention and Visitors Bureau
STATEMENT OF CASH FLOWS
Year Ended December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (51,016)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	8,129
(Increase) decrease in accounts receivable	(17,818)
(Increase) decrease in prepaid expenses	(226)
Increase (decrease) in accounts payable	4,772
Increase (decrease) in accrued expenses	(733)
Net cash used by operating activities	<u>(56,892)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	<u>(29,563)</u>
Net cash used by investing activities	<u>(29,563)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Reduction on long-term debt	<u>(5,124)</u>
Net cash used by financing activities	<u>(5,124)</u>
NET DECREASE IN CASH	(91,579)
CASH AT BEGINNING OF YEAR	<u>217,173</u>
CASH AT END OF YEAR	<u><u>\$ 125,594</u></u>

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

Ashtabula County Convention and Visitors Bureau
NOTES TO FINANCIAL STATEMENTS

BACKGROUND

Ashtabula County Convention and Visitors Bureau (ACCVB) is a nonprofit corporation established pursuant to the laws of the State of Ohio to develop, promote and otherwise encourage tourism and recreation. This is done through advertising in various publications, Internet website participation, and publishing a County Visitors Guide.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of Ashtabula County Convention and Visitors Bureau.

The financial statements of ACCVB have been prepared on the accrual basis of accounting, and accordingly, include all significant receivables, payables, and other liabilities.

Assets, liabilities, and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ACCVB and changes therein are classified and reported as follows:

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time.

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method.

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Ashtabula County Convention and Visitors Bureau
NOTES TO FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCVB uses advertising to promote the Ashtabula County tourism industry. Advertising includes ads in publications and other media, and other activities such as the publication of visitors' guides and attendance at trade shows. The production costs of advertising are expensed as incurred. Advertising expense was \$143,197 in 2005.

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

CASH

Cash is comprised of the following at December 31, 2005:

Cash in hand	\$ 149
Cash in checking	107,329
Cash in savings	<u>18,116</u>
Total	<u>\$ 125,594</u>

Cash deposits in financial institutions at times, may exceed federal insured limits of \$100,000. ACCVB has not experienced any losses on these accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The uninsured cash balances at December 31, 2005 totaled \$7,909.

FIXED ASSETS

Fixed assets are comprised of the following at December 31, 2005:

Leasehold improvements	\$ 29,439
Equipment	20,345
Vehicle	<u>22,064</u>
	71,848
Less accumulated depreciation	<u>34,789</u>
Net fixed assets	<u>\$ 37,059</u>

INCOME TAXES

Income taxes have not been provided for as ACCVB has been granted a nonprofit corporation status under Section 501(c)(6) of the Internal Revenue Code.

Ashtabula County Convention and Visitors Bureau
NOTES TO FINANCIAL STATEMENTS (Continued)

LEASE

The ACCVB is leasing its office space on a two-year non-cancelable operating lease that expires November 14, 2006. Monthly lease payments are \$1,320. Lease expense for December 31, 2005 was \$15,840.

The ACCVB is leasing office equipment on a five-year non-cancelable operating lease that expires August 1, 2007. Monthly lease payments are \$214. Lease expense for December 31, 2005 was \$2,568.

The following is a summary of future minimum lease payments required under ACCVB's operating leases:

2006	\$ 17,088
2007	1,284
2008	-
2009	-
Thereafter	<u>-</u>
Total	<u>\$ 18,372</u>

COMPENSATED ABSENCES

Compensated absences (vacation) have been accrued as specified by Statement of Financial Accounting Standard No. 43, *Accounting for Compensated Absences*. The accrual recognized the amounts to be paid as a result of the employee's right to the compensated absence, in the year in which it was earned.

CONCENTRATION OF REVENUES

Ashtabula County provided 80 percent of ACCVB's revenues for 2005. The funds are generated through bed taxes on temporary lodging. A significant reduction in the level of this support, if this were to occur, may have an effect on the ACCVB's programs.

EXCESS RECEIPTS

ACCVB was without an Executive Director for more than half the year in 2003. This caused a build up of cash. Plans have been made to use these excess funds to promote tourism in Ashtabula County in 2006.

Ashtabula County Convention and Visitors Bureau
NOTES TO FINANCIAL STATEMENTS (Continued)

COMMITMENTS

ACCVB has entered into an agreement with Ashtabula County through the Board of Commissioners that requires the payment of bed taxes received from the Geneva Lodge and Conference Center to the County for a period of five years. The maximum payment is \$50,000 and the first payment was due January 2005.

Ashtabula County Convention and Visitors Bureau
 SCHEDULE - EXPENSES
 Year Ended December 31, 2005

Wages	\$	95,827
Employee benefits		22,500
Advertising and marketing		143,197
Lodge bedtax		50,000
Rent		16,714
Office supplies		12,540
Postage		10,836
Utilities		8,863
Professional services		6,013
Dues and subscriptions		7,605
Insurance		5,566
Grants		3,020
Repairs and maintenance		2,664
Travel and transportation		2,560
Miscellaneous		2,251
Research		2,000
Bad debt		874
Total before depreciation		393,030
Depreciation		8,129
Total expenses	\$	401,159



Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Directors
Ashtabula County Convention and Visitors Bureau
Austinburg, Ohio

We have audited the financial statements of Ashtabula County Convention and Visitors Bureau (a nonprofit corporation) as of and for the year ended December 31, 2005, and have issued our report thereon dated March 28, 2006. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Ashtabula County Convention and Visitors 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 reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ashtabula County Convention and Visitors Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

Ashtabula County Convention and Visitors Bureau
Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*
Page 2

We noted certain matters that we reported to management of the Ashtabula County Convention and Visitors Bureau in a separate letter dated March 28, 2006.

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

S. R. Snodgrass, A.C.

Ashtabula, Ohio
March 28, 2006



**Auditor of State
Betty Montgomery**

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ASHTABULA COUNTY CONVENTION AND VISITORS BUREAU

ASHTABULA 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 10, 2006**