

Grove City Area Visitors and Convention Bureau

Grove City, Ohio

Regular Audit

January 1, 2005 through December 31, 2005

Fiscal Year Audited Under GAGAS: 2005

BALESTRA, HARR & SCHERER, CPAs, INC.

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www.bhscpas.com



**Auditor of State
Betty Montgomery**

Board of Directors
Grove City Area Visitors and Convention Bureau
4052 Broadway
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Grove City Area Visitors and Convention Bureau, Franklin County, prepared by Balestra, Harr & Scherer, CPAs, Inc., 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 Grove City Area Visitors and Convention Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 31, 2006

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Grove City Area Visitors and Convention Bureau

Table of Contents

For the Year Ended December 31, 2005

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis	2
Statement of Revenues, Expenses, and Changes in Net Assets – Modified Cash Basis.....	3
Notes to the Financial Statements	4-5
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	6 - 7

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Ohio Society of Certified Public Accountants

Independent Auditor's Report

Board of Directors

Grove City Area Visitors and Convention Bureau

Grove City, Ohio 43123

We have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis, of Grove City Area Visitors and Convention Bureau (the Bureau), as of December 31, 2005, and the related statement of revenues, expenses, and changes in net assets – modified cash basis, 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 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 the 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 A, these financial statements are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Bureau, as of December 31, 2005, and its revenues, expenses, and changes in net assets for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2006, on our consideration of the Bureau'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 control 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 audits.



Balestra, Harr & Scherer, CPAs, Inc.

June 20, 2006

Grove City Area Visitors and Convention Bureau
Statement of Assets, Liabilities, and Net Assets
Modified Cash Basis
As of December 31, 2005

Assets:

Current Assets:

Cash \$85,955

Property Assets:

Property and Equipment 11,293

Leasehold Improvements 3,045

Less: Accumulated Depreciation (14,036)

Net Property Assets 302

Other Assets:

Deposits 650

Total Assets: \$86,907

Liabilities and Net Assets:

Net Assets:

Unrestricted Net Assets \$86,907

Total Liabilities and Net Assets: \$86,907

See accompanying notes to the financial statements.

Grove City Area Visitors and Convention Bureau
Statement of Revenues, Expenses, and Changes in Net Assets
Modified Cash Basis
For the Year Ended December 31, 2005

Unrestricted Net Assets:

Revenues:

Bed Tax	\$153,513
Interest	1,235
Other	<u>7,094</u>

Total Revenues: 161,842

Expenses:

Monetary Grants	1,000
Advertising and Promotion	74,483
Professional Fees	4,938
Travel and Meeting Expenses	564
Bank Service Charge	1
Computer Internet Service	1,385
Office Supplies	2,432
Wages	56,674
Payroll Taxes	4,910
Payroll Service Fees	1,401
Postage and Delivery	779
Rent	8,700
Repairs and Maintenance	1,046
Depreciation	201
Utilities	3,261
Telephone	1,161
Security	300
Insurance	375
Cleaning	300
Dues and Subscriptions	1,332
Miscellaneous Expenses	<u>124</u>

Total Expenses: 165,367

Increase/(Decrease) in Unrestricted Net Assets (3,525)

Net Assets, Beginning of Year 90,432

Net Assets, End of Year \$86,907

See accompanying notes to the financial statements.

Grove City Area Visitors and Convention Bureau
Grove City, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Grove City Area Visitors and Convention Bureau's financial statements are prepared using the modified cash basis of accounting. Consequently, support and revenues are recognized when received rather than when the transaction occurs. Likewise, expenditures are recognized when paid rather than when the obligations are incurred. Exceptions are made for certain items such as depreciation and payroll taxes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Organization

The Grove City Area Visitors and Convention Bureau (the Bureau) is a nonprofit organization incorporated April 7, 1989. The Bureau's purpose is to promote and publicize the City of Grove City as a desirable location for conventions, trade shows, and similar events in the Grove City Area. The Bureau is managed by a Board of Directors, which represents the Grove City community.

Income Taxes

The Bureau is exempt from income taxes under Section 501 of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with modified cash basis 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.

NOTE B-PROPERTY AND EQUIPMENT

The fixed assets of the Bureau are recorded at cost. The Bureau capitalizes expenses for improvements greater than \$500. Depreciation is computed using the double declining method over estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Leasehold Improvements	7-15 years
Equipment	5-7 years

NOTE C-CASH

Cash on deposit with the Bureau's banking institution was fully covered by federal depository insurance during the year ended December 31, 2005.

Grove City Area Visitors and Convention Bureau
Grove City, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

NOTE D-REVENUE SOURCE

The Bureau's primary funding comes from the proceeds from a local "bed tax." The excise tax is a 3% tax paid by transient guests for lodging within the City of Grove City. Twenty-five percent (25%) of the revenue from the tax levied is contributed to the Bureau. The City of Grove City does not place any restrictions on the funds contributed to the Bureau.

NOTE E-ADVERTISING

The Bureau's policy for advertising is to expense all advertising costs as incurred.

NOTE F-EMPLOYEE BENEFITS

The Bureau has a simplified employee pension plan which covers only the executive director.

NOTE G-LEASE

The Bureau renewed its lease agreement beginning July 1, 2005 and expiring June 30, 2008. The Bureau previously had paid rent of \$700 per month. The new lease agreement states that the Bureau is to pay rent of \$750 per month, totaling \$8,700 for 2005. The Bureau's future required minimum lease payments for 2006 is \$9,000.

NOTE H-ADVERTISEMENT MATCHING PROGRAM

The Bureau has been accepted as an Ohio AMP Partner. The Bureau is eligible to receive a rebate of 10% on advertisement approved by the Ohio AMP Partnership sponsored by the Ohio Division of Travel and Tourism.

NOTE I-GRANTS AND SCHOLARSHIPS

The Bureau gave one grant in the amount of \$1,000 to support an individual focused on hospitality and culinary education.

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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
Grove City Area Visitors and Convention Bureau
Grove City, Ohio 43123

We have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis, of Grove City Area Visitors and Convention Bureau (the Bureau), as of December 31, 2005, and the related statement of revenues, expenses, and changes in net assets – modified cash basis, for the year then ended, and have issued our report thereon dated June 20, 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 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 an opinion 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 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 Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, 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 material instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we have reported to the management of the Bureau in a separate letter dated June 20, 2006.

Board of Directors
Grove City Area Visitors and Convention Bureau
Page 2

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*

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
June 20, 2006



**Auditor of State
Betty Montgomery**

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GROVE CITY AREA VISITORS AND CONVENTION BUREAU

FRANKLIN 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
SEPTEMBER 14, 2006**