

**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU**

**Regular Audit**

**Year Ended December 31, 2005**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Northern Cincinnati Convention & Visitors Bureau  
11641 Chester Road  
Suite B  
Cincinnati, Ohio 45246

We have reviewed the *Report of Independent Auditors* of the Northern Cincinnati Convention & Visitors Bureau, Hamilton County, prepared by Cassady Schiller & Associates 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 Northern Cincinnati Convention & Visitors 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

September 27, 2006

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NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

REGULAR AUDIT

YEAR ENDED DECEMBER 31, 2005

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**REPORT OF INDEPENDENT AUDITORS**

To the Board of Trustees  
Northern Cincinnati Convention and Visitors Bureau

We have audited the accompanying financial statement of the Northern Cincinnati Convention and Visitors Bureau, Hamilton County, Ohio (the "Organization"), as of and for the year ended December 31, 2005. This financial statement is the responsibility of the Organization's management. Our responsibility is to express an opinion on this financial statement 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 statement is 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 more fully in Note 1, the Organization has prepared this financial statement on the cash receipts and disbursements 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 statement referred to above present fairly, in all material respects, the cash receipts and disbursements and cash balances arising from the cash transactions of the Organization, as of December 31, 2005 for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2006 on our consideration of the Organization's internal control over financial reporting and 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 conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, consisting of the letters 'CSA' in a stylized, cursive font.

August 4, 2006

CERTIFIED PUBLIC ACCOUNTANTS

4705 Lake Forest Drive  
Cincinnati, Ohio 45242

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**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND  
CHANGES IN CASH BALANCES  
YEAR ENDED DECEMBER 31, 2005**

<b>Cash receipts:</b>	
Greater Cincinnati Convention and Visitors Bureau grant	\$ 250,000
Hamilton County hotel tax grant	250,000
Ohio Department of Travel and Tourism - AMP grant	20,123
Interest income	4,662
Advertising income	<u>2,300</u>
Total cash receipts	527,085
<b>Cash disbursements:</b>	
Sales and marketing	459,817
Salaries and wages	139,394
Professional fees	24,250
Contracted services	17,219
Supplies	14,685
Payroll taxes	11,296
Car allowance	10,300
Travel and entertainment	9,868
Dues and subscriptions	7,885
Utilities	7,847
Office expense	7,827
Recruitment	3,649
Interest and fiscal charges	2,519
Meetings and outings	1,946
Computer expense	944
Capital expenditures	<u>448</u>
Total cash disbursements	<u>719,894</u>
Total cash receipts less cash disbursements	(192,809)
Beginning cash balance, January 1	<u>384,691</u>
Ending cash balance, December 31	<u>\$ 191,882</u>

See accompanying notes and report of independent accountants.

# NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

## NOTES TO THE FINANCIAL STATEMENT

DECEMBER 31, 2005

### 1. Summary of significant accounting policies

#### Description of the entity

The Northern Cincinnati Convention and Visitors Bureau, (the "Organization"), is a not-for-profit corporation formed under the laws of the State of Ohio. It operates in Cincinnati, Ohio and is supported primarily through grants from the Greater Cincinnati Convention and Visitors Bureau and the Hamilton County hotel tax. The purpose of the Organization is to promote and publicize the northern Cincinnati suburbs for tourism, meetings and conventions.

#### Basis of accounting

The Organization's Statement of Cash Receipts and Disbursements and Cash Balances 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. The cash basis of accounting records cash receipts and cash disbursements. Cash receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying Statement of Cash Receipts and Disbursements and Cash Balances is not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

#### Cash deposits

During the fiscal year 2005, the Organization's funds were in an interest bearing checking account and a certificate of deposit. The Organization has funds in financial institutions in excess of the federally insured limit of \$100,000, thereby exposing those excess funds to potential loss.

#### Income taxes

The Organization is exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code.

#### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Functional expenses

The costs of providing various programs and other activities have been summarized on a natural basis in the statement of cash receipts and disbursements and changes in cash balances. All of the Organization's expenses relate to program services.

### Financial statement presentation

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with Statement of Financial Accounting Standards No. 117 (SFAS 117). The Organization reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The following classes of net assets are maintained:

Unrestricted – Includes general and board designated assets and liabilities of the Organization. The unrestricted net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Unrestricted balances were \$191,882 at December 31, 2005. Temporarily restricted balances were \$0 at December 31, 2005.

#### **2. Cash and investments**

The Organization maintains a checking account and had funds invested in a certificate of deposit. The carrying amount of cash and deposits at December 31 follows:

	<u>2005</u>
Operating account	\$ 91,623
Certificate of deposit	<u>100,259</u>
Total	<u>\$ 191,882</u>

#### **3. Cash receipts**

The Organization's primary source of cash receipts is from the Greater Cincinnati Convention and Visitors Bureau and Hamilton County under a funding agreement adopted September 3, 2003. This funding agreement was renewed December 31, 2004 and will expire December 31, 2006. The agreement can be renewed for an additional two year term upon the mutual agreement of the parties.

The Organization also received \$20,123 from the Ohio Department of Travel and Tourism AMP program. These dollars are the result of a reimbursement from the state of Ohio based on a calculation of the marketing and sales expenses tracked by the Organization.

#### **4. Operating lease**

The Organization leases office space located at 11641 Chester Road in Sharonville, Ohio from the City of Sharonville. The Organization is required to pay the related utility expenses based on a square footage calculation. The lease term began December 1, 2003 and shall be renewed for one year periods thereafter unless terminated by either party.

#### **5. Retirement plan**

The Organization has an IRA retirement plan with Ameriprise Financial. The Organization matches 3% of employee deferrals. The Organization's share of the contribution to the plan was \$2,817 for the year ended 2005.

**6. Subsequent events**

The Organization entered into an agreement with the Greater Cincinnati Sports Corporation (GCSC), the Greater Cincinnati Convention and Visitors Bureau and the Northern Kentucky Convention and Visitors Bureau on January 1, 2006.

The parties agreed to share the expenses of the GCSC for a term of three years beginning on January 1, 2006 through December 31, 2008. For 2006, the Organization has made a commitment of \$60,000 to be paid in \$15,000 quarterly installments. The Organization's minimum payment liability will be \$60,000 for the years 2006, 2007 and 2008.

The Organization's funding obligation will be revisited each year and will be adjusted based on the approximate total hotel room nights generated by GCSC for each area represented.

**INDEPENDENT AUDITOR'S 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**



To the Board of Trustees  
Northern Cincinnati Convention and Visitors Bureau

We have audited the financial statement of the Northern Cincinnati Convention and Visitors Bureau as of and for the year ended December 31, 2005, and have issued our report thereon dated August 4, 2006, wherein we noted that the Organization prepared its financial statement using the cash receipts and disbursements basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Organization's ability to initiate, record, process, and report financial data consistent with the assertion's of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and responses as items #2005-001.

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 statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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. However, of the reportable conditions described above, we consider items #2005-001 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statement is 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 or other matters that are required to be reported under *Government Audit Standards*.

We also noted certain additional matters that we reported to management of the Organization in a separate letter dated August 4, 2006.

**CERTIFIED PUBLIC ACCOUNTANTS**

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

*CSA*

August 4, 2006

**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2005**

**FINDINGS RELATED TO THE FINANCIAL STATEMENT  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2005 - 001**

**Criteria:**

The Organization should properly segregate duties with respect to cash receipts, cash disbursements, general ledger duties and bank reconciliations.

**Condition:**

Many critical duties are combined and given to the available employees. Individuals have access to cash, the accounting records and the reconciliation process.

**Context:**

During the testing of cash receipts and cash disbursements, we noted a lack of segregation of duties in the accounting department. Instances were noted where individuals had access to both cash and the accounting records.

**Effect:**

Without proper segregation of duties and standard controls, there is a higher risk of fraudulent activity and/or material misstatements to the financial position of the Organization. This can be a significant problem with regards to reimbursement for personal expenses.

**Cause:**

Due to staffing size limitations, the Organization has combined many duties.

**Recommendation:**

To the extent possible, the Organization should segregate duties to serve as a check and balance on employees' integrity and to maintain the best control system as possible. In general, segregation of duties is always improved when the following procedures / internal controls are followed:

- Different employees should perform the separate duties of signing checks, processing cash receipts and cash disbursements, and maintaining books of original entry.
- Segregate bank account reconciliation duties from cash receipts and/or cash disbursements duties.

**Views of Responsible Officials and Planned Corrective Actions:**

We concur with the comments and recommendations. The Organization is currently addressing the issues noted and will be preparing a separate corrective action plan.

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2005

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid</u>
No findings were noted in the prior year audit.			



**Auditor of State  
Betty Montgomery**

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**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU**

**HAMILTON 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  
OCTOBER 12, 2006**