

**ASHLAND AREA CONVENTION AND VISITORS BUREAU
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2007 - 2006



Mary Taylor, CPA
Auditor of State

Board of Directors
Ashland Area Convention and Visitors Bureau
10 W. Second Street, 2nd Floor
Ashland, Ohio 44805

We have reviewed the *Independent Auditors' Report* of the Ashland Area Convention and Visitors Bureau, Ashland County, prepared by Knox & Knox, for the audit period July 1, 2005 through June 30, 2007. 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 Ashland Area Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 30, 2007

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ASHLAND AREA CONVENTION AND VISITORS BUREAU
ASHLAND COUNTY

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KNOX & KNOX

Accountants and Consultants

Independent Auditors' Report

Board of Directors
Ashland Area Chamber of Commerce
and
Board of Directors
Ashland Area Convention and Visitors Bureau

We have audited the accompanying financial statements of the Ashland Area Convention and Visitors Bureau(a division of the Ashland Area Chamber of Commerce) as of and for the years ended June 30, 2007 and 2006. 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 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, if any, 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 the Ashland Area Convention and Visitors Bureau as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years 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 November 20, 2007, on our consideration of the Ashland Area Convention and Visitors Bureau's internal control over financial reporting and our tests of its compliance with 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Knox & Knox

Orrville, Ohio
November 20, 2007

ASHLAND AREA CONVENTION AND VISITORS BUREAU
ASHLAND COUNTY

STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

| | 2007 | 2006 |
|----------------------------------|----------|----------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 36,529 | 40,606 |
| Accounts receivable | 12,419 | 16,769 |
| | 48,948 | 57,375 |
| PROPERTY AND EQUIPMENT - AT COST | | |
| Furniture and fixtures | 14,295 | 15,436 |
| Less: Accumulated depreciation | (12,167) | (10,658) |
| | 2,128 | 4,778 |
| | \$51,076 | \$62,153 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable - trade | \$6,207 | \$18,771 |
| | 6,207 | 18,771 |
| COMMITMENTS | | |
| UNRESTRICTED NET ASSETS | 44,869 | 43,382 |
| | \$51,076 | \$62,153 |

The notes to the financial statements are an integral part of this statement.

ASHLAND AREA CONVENTION AND VISITORS BUREAU
ASHLAND COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

| | 2007 | 2006 |
|--|------------------|------------------|
| REVENUES | | |
| Brochure Advertising | | \$ 21,291 |
| Hotel Tax | \$ 103,100 | 102,857 |
| Marketing Intern Grant | | 3,000 |
| Annual Meeting | 493 | 289 |
| Interest | 292 | 166 |
| Other | 1,887 | 2,544 |
| Total Revenues | 105,772 | 130,147 |
| EXPENSES | | |
| Administrative: | | |
| Salaries | 34,991 | 40,324 |
| Payroll Taxes | 2,677 | 3,131 |
| Employee Benefits | 1,232 | 1,399 |
| Mileage Reimbursement | 803 | 1,154 |
| Contractual Services | 6,151 | 6,067 |
| Marketing and Public Relations | 496 | 503 |
| | 46,350 | 52,578 |
| Operating: | | |
| Advertising | 26,032 | 28,202 |
| Affiliations | 1,542 | 1,680 |
| Conference | 192 | 542 |
| Depreciation | 2,612 | 2,612 |
| Insurance | 864 | 888 |
| Member Relations | 590 | 220 |
| Legal and Professional | 1,869 | 4,407 |
| Office Equipment | 4,144 | 3,854 |
| Office Supplies | 1,315 | 1,413 |
| Postage | 2,264 | 2,802 |
| Rent - Office | 4,685 | 6,400 |
| Subscriptions | 185 | 185 |
| Telephone | 2,813 | 2,734 |
| Brochure | 19 | 19,686 |
| Literature | 3,686 | 4,029 |
| Clothing | | 127 |
| Annual Meeting | 513 | 751 |
| Grant Expense | 3,250 | 7,000 |
| Other | 1,360 | 1,200 |
| | 57,935 | 88,732 |
| Total Expenses | 104,285 | 141,310 |
| Change in Net Assets | 1,487 | (11,163) |
| Unrestricted Net Assets, Beginning of Fiscal Year | 43,382 | 54,545 |
| UNRESTRICTED NET ASSETS, END OF FISCAL YEAR | \$ 44,869 | \$ 43,382 |

The notes to the financial statements are an integral part of this statement.

ASHLAND AREA CONVENTION AND VISITORS BUREAU
ASHLAND COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

| | 2007 | 2006 |
|--|----------|------------|
| CASH FLOW PROVIDED FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$1,487 | (\$11,163) |
| Noncash items included in activities | | |
| Depreciation | 2,612 | 2,612 |
| Increase (decrease) in cash caused by changes in current item: | | |
| Accounts receivable | 4,350 | (254) |
| Accounts payable - trade | (12,564) | 385 |
| Accrued expenses | | (606) |
| Net Cash flow provided from operations | (4,115) | (9,026) |
| CASH FLOW USED IN INVESTING ACTIVITIES | | |
| Disposition of property and equipment | 38 | |
| | 38 | |
| Net increase (decrease) in cash and cash equivalents | (4,077) | (9,026) |
| Cash and cash equivalents, beginning of fiscal year | 40,606 | 49,632 |
| CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR | \$36,529 | \$40,606 |

The notes to the financial statements are an integral part of this statement.

ASHLAND AREA CONVENTION AND VISITORS BUREAU
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Ashland Area Convention and Visitors Bureau, (the CVB) is a division of the Ashland Area Chamber of Commerce, Ashland County, Ohio, a not-for-profit organization established in accordance with Section 501 (C)(6) of the Internal Revenue Code, The CVB was formed for the purpose of using funds generated within Ashland County by the county hotel excise tax. The CVB operates under a nine-member Board of Directors who are internally elected and governed by the Ashland Area Chamber of Commerce.

The CVB provides general public services to promote Ashland County travel and tourism. The CVB promotes travel and tourism by extensive advertising and personal representation. The CVB also works with other county convention and visitors bureaus to further interest in Ashland County.

B. Basis of Accounting

These financial statements for the CVB were prepared in accordance with accounting principles generally accepted in the United States of America.

C. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in these financial statements. Accordingly, actual amounts may vary from those estimates.

D. Fixed Assets

Acquisitions of furniture, fixtures and equipment are not recorded as disbursements (capital outlays) when paid. These items are reflected as assets in the financial statements. They are reported at cost and depreciated using the straight-line method over their estimated useful lives. It is the CVB's policy to capitalize disbursements for those items in excess of \$500.

E. Financial Statement Presentation

The CVB prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117. The CVB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the CVB did not have any temporarily or permanently restricted net assets. All net assets of the CVB are unrestricted to be used to further travel and tourism for Ashland County. These net assets are considered to be unrestricted for the presentation of these financial statements.

ASHLAND AREA CONVENTION AND VISITORS BUREAU
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Income Taxes

Ashland Area Chamber of Commerce is a not-for-profit organization that is exempt from income taxes under Section 501(C)(6) of the Internal Revenue Code. The organization is not classified as a private foundation and, as such, is not subject to federal, state or local income taxes.

2. RECEIVABLES AND HOTEL EXCISE TAX COLLECTIONS

The CVB is dependent on the collection of the hotel tax by the Ashland County Auditor. Bed taxes became a lien for the Bureau in 1997. The County Auditor adjusts the rates subject to political subdivision approval. Payments are due to the County by the 10th of each month for liability incurred the previous month. These payments are then forwarded to the CVB by the end of that month.

The County is responsible for assessing, billing, collecting and distributing all bed taxes on behalf of the CVB.

3. CASH AND CASH EQUIVALENTS

The CVB maintains demand accounts used for general operating purposes. The CVB's deposits are entirely insured by the Federal Depository Insurance Corporation.

4. DISPOSITION OF PROPERTY AND EQUIPMENT (FYE 6/30/2007)

| | |
|--------------------------|----------------------|
| Furniture and Fixtures | (\$1,141) |
| Accumulated Depreciation | <u>1,103</u> |
| | <u><u>(\$38)</u></u> |

5. RECEIVABLES AND CREDIT POLICIES

In the opinion of management, all receivables were considered collectible at June 30, 2007 and 2006, and no allowance was necessary.

6. CONTRIBUTED GOODS AND SERVICES

A significant portion of the CVB's programs include unpaid volunteers. No amounts have been recorded for these volunteer efforts.

7. ALLOCATION OF EXPENSES

Expenses have been allocated on a functional basis in the Statement of Activities.

ASHLAND AREA CONVENTION AND VISITORS BUREAU
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 and 2006

8. ADVERTISING

Advertising costs are expensed as incurred and amounted to \$26,032 and \$28,202 for the years ended June 30, 2007 and 2006, respectively.

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KNOX & KNOX

Accountants and Consultants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Ashland Area Chamber of Commerce
and
Board of Directors
Ashland Area Convention and Visitors Bureau

We have audited the accompanying financial statements of the Ashland Area Convention and Visitors Bureau (a division of the Ashland Area Chamber of Commerce) as of and for the years ended June 30, 2007 and 2006, and have issued our report thereon dated November 20, 2007. 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 Ashland Area Convention and Visitors Bureau's internal control over financial reporting as a basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that the Organization's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Organization's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ashland Area 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*.

This report is intended for the information and use of the audit committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Knox & Knox

Orrville, Ohio
November 20, 2007



Mary Taylor, CPA
Auditor of State

ASHLAND AREA CONVENTION AND VISITORS BUREAU

ASHLAND 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
DECEMBER 13, 2007**