

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

Regular Audit

Year Ended December 31, 2006



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Northern Cincinnati Convention & Visitors Bureau, Hamilton County, prepared by Cassidy Schiller & Associates, Inc., for the audit period January 1, 2006 through December 31, 2006. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 14, 2007

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NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

REGULAR AUDIT

YEAR ENDED DECEMBER 31, 2006

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Report of Independent Auditors

To the Board of Trustees
Northern Cincinnati Convention and Visitors Bureau

We have audited the accompanying statement of cash receipts and disbursements and changes in cash balances of the Northern Cincinnati Convention and Visitors Bureau, Hamilton County, Ohio (the "Organization"), as of and for the year ended December 31, 2006. 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 presents 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, 2006 and 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 May 3, 2007 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 that reads 'CSA'.

May 3, 2007

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2006**

Cash receipts:

Greater Cincinnati Convention and Visitors Bureau grant	\$	250,000
Hamilton County hotel tax grant		250,000
Ohio Department of Travel and Tourism - AMP grant		19,964
Interest income		1,400
		1,400
 Total cash receipts		 521,364

Cash disbursements:

Sales and marketing		281,237
Salaries and wages		198,511
GCSC contribution		60,000
Professional fees		26,108
Utilities		14,965
Payroll taxes		14,923
Travel and entertainment		12,212
Office expense		7,921
Car allowance		7,177
Membership		5,781
Supplies		3,537
Miscellaneous		3,178
Meetings and outings		2,355
Computer expense		1,844
Capital expenditures		812
Recruitment		595
Interest and fiscal charges		140
		140
 Total cash disbursements		 641,296

Total cash receipts less cash disbursements		(119,932)
Beginning cash balance, January 1		191,882
		191,882
Ending cash balance, December 31	\$	71,950

NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENT

DECEMBER 31, 2006

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 2006, the Organization's funds were in an interest bearing checking account and a certificate of deposit. The Organization has funds in financial institutions which, at times, were 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 \$71,950 at December 31, 2006. There were no temporarily restricted balances at December 31, 2006.

2. 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 expires June 30, 2007 and management expects the agreement to be extended beyond the expiration date.

The Organization also received \$19,964 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.

3. 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.

4. 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 \$4,433 for the year ended 2006.

5. Commitments

The Organization entered into a three-year operational funding 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.

During 2006, the Organization contributed \$60,000 to the GCSC. The Organization's minimum payment liability will be \$60,000 for 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, 2006, and have issued our report thereon dated May 3, 2007, 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion 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 the normal course of 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 a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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

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

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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 Auditing Standards*.

We also noted certain additional matters that we reported to management of the Organization in a separate letter dated May 3, 2007.

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.

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

May 3, 2007

**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2006**

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

We noted no findings during our testing.

**NORTHERN CINCINNATI CONVENTION AND VISITORS BUREAU
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

<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>
2006-001	Duties not segregated properly	Yes	Finding No Longer Valid



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 27, 2007**