

The Greater Columbus Convention & Visitors Bureau dba Experience Columbus

Financial Report
12.31.2008

McGladrey & Pullen
Certified Public Accountants

McGladrey and Pullen, LLP is a member of RSM International
-- an affiliation of separate and independent legal entities.



Mary Taylor, CPA

Auditor of State

Board of Trustees
The Greater Columbus Convention and Visitors Bureau,
dba Experience Columbus
277 W. Nationwide Blvd, Ste 125
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of The Greater Columbus Convention and Visitors Bureau, dba Experience Columbus, Franklin County, prepared by McGladrey & Pullen, LLP, for the audit period January 1, 2008 through December 31, 2008. 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 Greater Columbus Convention and Visitors Bureau, dba Experience Columbus is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 11, 2009

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus
Columbus, Ohio

We have audited the accompanying statement of financial position of **The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus**, as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. 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 audits.

We conducted our audits 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 Controller 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 accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the 2008 and 2007 financial statements referred to above present fairly, in all material respects, the financial position of **The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus**, as of December 31, 2008 and 2007, 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 April 8, 2009, on our consideration of **The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus**' internal control over financial reporting and our tests of its compliance with certain provision 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 audit.

McGladrey & Pullen, LLP

Columbus, Ohio
April 8, 2009

The Greater Columbus Convention & Visitors Bureau
 dba Experience Columbus

Statements of Financial Position
 December 31, 2008 and 2007

| | 2008 | 2007 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 2,358,808 | \$ 2,196,667 |
| Cash, designated for property and equipment reserve | 73,592 | 73,592 |
| Accounts receivable | 83,838 | 167,589 |
| Prepaid expenses and deposits | 201,867 | 209,011 |
| Total current assets | 2,718,105 | 2,646,859 |
| Property and Equipment, net | 443,888 | 565,844 |
| Total Assets | \$ 3,161,993 | \$ 3,212,703 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Current portion of capital lease obligation | \$ 13,118 | \$ 13,118 |
| Accounts payable | 335,073 | 512,335 |
| Accrued expenses | 200,807 | 212,738 |
| Deferred revenue | 21,875 | 7,075 |
| Deferred rent | 44,480 | 46,236 |
| Total current liabilities | 615,353 | 791,502 |
| Capital lease obligation, net of current portion | 12,386 | 26,110 |
| Total liabilities | 627,739 | 817,612 |
| Net Assets | | |
| Unrestricted: | | |
| Property and equipment reserve | 73,592 | 73,592 |
| Undesignated | 2,460,662 | 2,321,499 |
| Total unrestricted | 2,534,254 | 2,395,091 |
| Total Liabilities and Net Assets | \$ 3,161,993 | \$ 3,212,703 |

See Notes to Financial Statements.

The Greater Columbus Convention & Visitors Bureau
 dba Experience Columbus

Statements of Activities
 Years Ended December 31, 2008 and 2007

| | 2008 | 2007 |
|---|------------------|------------------|
| Revenues and Other Support | | |
| Columbus bed tax | \$ 4,316,757 | \$ 4,377,018 |
| Promotional revenue, City of Columbus | 531,000 | 561,000 |
| Contributions | 527,361 | 478,776 |
| Program revenue | 621,721 | 659,270 |
| Promotional revenue, Franklin County | 1,075,000 | 1,000,000 |
| Contributed services | 163,950 | 152,487 |
| Publication revenue | 235,497 | 219,647 |
| Sports marketing | 631,577 | 724,127 |
| Interest | 38,664 | 109,230 |
| Other income | 11,603 | 11,579 |
| Total revenues and other support | 8,153,130 | 8,293,134 |
| Expenses | | |
| Convention marketing | 3,276,205 | 3,374,663 |
| Tourism marketing | 1,663,834 | 1,626,631 |
| Communication and public relations | 716,713 | 635,243 |
| Sports marketing | 490,815 | 480,650 |
| Management and general | 1,866,400 | 1,788,411 |
| Other | - | 30,079 |
| Total expenses | 8,013,967 | 7,935,677 |
| Change in Net Assets | 139,163 | 357,457 |
| Net Assets, beginning | 2,395,091 | 2,037,634 |
| Net Assets, ending | \$ 2,534,254 | \$ 2,395,091 |

See Notes to the Financial Statements.

The Greater Columbus Convention & Visitors Bureau
dba Experience Columbus

Statements of Cash Flows
Years Ended December 31, 2008 and 2007

| | 2008 | 2007 |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 139,163 | \$ 357,457 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 190,775 | 156,173 |
| Loss (Gain) on disposal of property and equipment | (2,530) | 30,079 |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | 83,751 | (74,248) |
| Prepaid expenses and deposits | 7,144 | (99,466) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | (177,262) | 78,878 |
| Accrued expenses | (11,931) | (71,871) |
| Deferred revenue | 14,800 | 7,075 |
| Deferred rent | (1,756) | 45,147 |
| Retirement Liability | - | (40,061) |
| Net cash provided by operating activities | <u>242,154</u> | <u>389,163</u> |
| Cash Flows from Investing Activities | | |
| Proceeds from sale of property and equipment | 2,530 | 1,008 |
| Purchase of property and equipment | (68,819) | (420,523) |
| Net cash used in investing activities | <u>(66,289)</u> | <u>(419,515)</u> |
| Cash Flows from Financing Activities | | |
| Payments on capital lease obligations | (13,724) | (5,293) |
| Net cash used in financing activities | <u>(13,724)</u> | <u>(5,293)</u> |
| Increase (Decrease) in Cash and Cash Equivalents | 162,141 | (35,645) |
| Cash and Cash Equivalents, beginning | <u>2,270,259</u> | <u>2,305,904</u> |
| Cash and Cash Equivalents, ending | <u>\$ 2,432,400</u> | <u>\$ 2,270,259</u> |
| Supplemental Disclosures of Cash Flow Information | | |
| Cash paid during the year for: | | |
| Interest | <u>\$ 3,765</u> | <u>\$ 1,926</u> |
| Supplemental Disclosures of Noncash Investing and Financing activities | | |
| Property and equipment acquired under capital lease | <u>\$ -</u> | <u>\$ 44,521</u> |

See Notes to Financial Statements.

The Great Columbus Convention & Visitors Bureau
dba Experience Columbus

Notes to the Financial Statements

Note 1. Organization

The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus ("the Organization") is the official destination marketing organization for Greater Columbus. The Greater Columbus Sports Commission operates within Experience Columbus and was organized to promote, attract and service amateur sporting events for Greater Columbus. The Greater Columbus Sports Commission established a 501(c)(3) not-for-profit foundation, The Greater Columbus Sports Foundation ("Sports Foundation"), to further promote its mission. The Organization is the sole member of the Sports Foundation. The activity of the Sports Foundation is consolidated into the Organization's financial statements.

During 2007, the Organization established a 501(c)(3) not-for-profit foundation, The Experience Columbus Foundation, to further promote its mission. The Organization is the sole member of The Experience Columbus Foundation. There was no activity during 2008 or 2007. When activity in The Experience Columbus Foundation commences, The Experience Columbus Foundation will be required to consolidate its operations into the Organization's financial statements.

Note 2. Summary of Significant Accounting Policies

Use of 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 the reported amounts of assets and liabilities and disclosures 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.

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to the following three classes:

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

Equipment Reserve – Represents the amount designated by the Organization's Board to cover the replacement or repair of the Organization's property and equipment.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time. As of December 31, 2008 and 2007, there were no temporarily restricted net assets.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of December 31, 2008 and 2007, there were no permanently restricted net assets.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash and cash equivalents represents cash on hand, demand deposits held by banks and short-term investments having an initial maturity of three months or less.

Notes to the Financial Statements

Accounts Receivable:

The Organization grants credit to its Members for participation in various functions. The Organization uses the allowance method to recognize potentially uncollectible accounts. The allowance is provided based on management's estimation of the collectibility of the accounts receivable as of December 31, 2008 and 2007. The estimation takes into consideration historical trends, past history with specific customers and current economic conditions. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to not be collectible. Interest is not charged by the Organization on past due accounts. Due to management's belief that all accounts are collectible as of December 31, 2008 and 2007, no allowance has been recorded.

Property and Equipment:

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Provisions for depreciation and amortization are computed under the straight-line method based upon the estimated useful lives of the assets, which range from 3 to 10 years. Leasehold improvements and assets held under capital lease are amortized over the lesser of the lease term or the estimated useful life of the asset. Depreciation expense was \$190,775 and \$156,173 for 2008 and 2007, respectively.

Property and equipment that are donated are recorded at their fair value on the date of receipt. Major renewals and betterments over \$500 are capitalized and depreciated. Maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributed Services and Materials:

The Organization receives support from its members and the community in the form of publications, meeting facilities, lodging, meals and transportation. The estimated fair value of these services is reported as income and expense in the period in which the services are rendered and materials are donated.

Promotion, Publication and Program Revenue:

The Organization obtains promotional support from the City of Columbus and Franklin County, Ohio to promote Greater Columbus. The Organization receives support from member and community attendance at programs and special events. The Organization also receives support to assist in reducing the costs of certain publications and the costs associated with attending trade shows and conventions.

Federal Income Taxes:

The Organization is exempt from federal taxes under Section 501(c)(6) of the Internal Revenue Code.

The Great Columbus Convention & Visitors Bureau
dba Experience Columbus

Notes to the Financial Statements

Advertising Expense:

The Company expenses advertising costs as incurred. Advertising expenses were \$736,516 and \$982,228 for 2008 and 2007, respectively.

Rent Expense:

Rental expense for leases that contain a predetermined fixed escalation of minimum rent is recognized on a straight-line basis over the lease term. The difference between the recognized rental expense and the amounts payable under the lease is recorded as deferred rent on the accompanying statement of financial position.

Functional Allocation of Expense:

The costs of providing programs and activities have been summarized on a functional basis on the Statement of Activities. Accordingly, certain costs have been allocated among the programs and activities benefited.

Reclassifications:

Certain 2007 balances have been reclassified to conform to the 2008 presentation.

Note 3. Concentration of Credit Risk

The Organization maintains its cash in three accounts with one financial institution. The balances, at times, may exceed federally insured limits. Additionally, the Organization has two money market accounts that are not federally insured. At December 31, 2008 and 2007, the Organization exceeded the federally insured limit by approximately \$2,182,000 and \$2,170,000, respectively. The Organization continually monitors its balances to minimize the risk of loss.

Note 4. Property and Equipment

Property and equipment consisted of the following at December 31:

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| Office furniture and equipment | \$ 697,433 | \$ 811,085 |
| Computer equipment | 782,016 | 747,638 |
| Leasehold improvements | 234,790 | 234,790 |
| | <u>1,714,239</u> | <u>1,793,513</u> |
| Less: accumulated depreciation and amortization | (1,270,351) | (1,227,669) |
| Property and equipment, net | <u>\$ 443,888</u> | <u>\$ 565,844</u> |

Note 5. Line of Credit

The Organization has a \$500,000 line of credit with a bank. Interest is payable monthly at the daily LIBOR rate (.14% and 4.82% at December 31, 2008 and 2007, respectively) plus 2.85%. The agreement expires in December 2009. The Organization did not have an outstanding balance at December 31, 2008 or 2007.

The Great Columbus Convention & Visitors Bureau
 dba Experience Columbus

Notes to the Financial Statements

Note 6. Capital Lease Obligations

The Organization is a lessee of equipment under a capital lease which expires in July 2010. The assets and liabilities under the capital leases are recorded at the lower of the present value of minimum lease payments or the fair value of the assets. The asset is amortized over its estimated productive life. Amortization of the assets under capital leases is included in depreciation and amortization expense and amounted to \$6,790 and \$1,697 for 2008 and 2007, respectively. Following is a summary of equipment held under capital lease:

Capital Lease

| | 2008 | 2007 |
|-------------------------------|------------------|------------------|
| Furniture and fixtures | \$ 47,528 | \$ 47,528 |
| Less accumulated depreciation | (8,487) | (1,697) |
| | <u>\$ 39,041</u> | <u>\$ 45,831</u> |

Minimum future annual lease payments under the capital lease as of December 31, 2008 are as follows:

| | |
|---|------------------|
| 2009 | \$ 17,328 |
| 2010 | 10,596 |
| | <u>27,924</u> |
| Less amount representing interest | (2,420) |
| Present value of minimum lease payments | 25,504 |
| Less current portion | (13,118) |
| Noncurrent portion | <u>\$ 12,386</u> |

The Great Columbus Convention & Visitors Bureau
 dba Experience Columbus

Notes to the Financial Statements

Note 8. Contributed Services Income

Contributed services are as follows:

| | 2008 | 2007 |
|--|-------------------|-------------------|
| Convention marketing | | |
| Travel, lodging, meals and incidentals | \$ 40,485 | \$ 46,905 |
| Decorating fees | 4,828 | 200 |
| Production costs | 30,000 | 30,000 |
| Audio visual | - | 750 |
| | <u>75,313</u> | <u>77,855</u> |
| Tourism marketing | | |
| Visitors center - rent | 18,420 | 18,000 |
| | <u>18,420</u> | <u>18,000</u> |
| Sports marketing | | |
| Production costs | 18,598 | 17,525 |
| Decorating fees | 8,020 | 1,825 |
| Travel, lodging, meals and incidentals | 4,081 | 200 |
| Audio visual | 7,000 | - |
| | <u>37,699</u> | <u>19,550</u> |
| Communications and public relations | | |
| Facility fees | 6,755 | 4,023 |
| Decorating fees | 120 | 2,668 |
| Event promotional supplies | 1,157 | 300 |
| Other program costs | 1,533 | 795 |
| Travel, lodging, meals and incidentals | 11,553 | 17,896 |
| | <u>21,118</u> | <u>25,682</u> |
| Management and general | | |
| Van lease | 11,400 | 11,400 |
| | <u>11,400</u> | <u>11,400</u> |
| Total | <u>\$ 163,950</u> | <u>\$ 152,487</u> |

Note 9. Retirement Plan

The Organization has a 401(k) retirement plan that covers all eligible employees. Eligible employees may elect to defer a portion of their annual wages as a contribution to the Plan. The Organization contributes, on behalf of each eligible participant, a discretionary matching contribution equal to 75% of salary reductions up to 6% of compensation. The Organization also contributes 5% of each participating individual's compensation to the Plan. The Organization may make additional contributions to the Plan at the discretion of the Board of Trustees. Expense related to this plan was \$192,684 and \$132,965 in 2008 and 2007, respectively.

The Great Columbus Convention & Visitors Bureau
dba Experience Columbus

Notes to the Financial Statements

The Organization also has a self-funded disability plan providing for benefits if an employee is unable to work for medical reasons. The Plan provides benefits of 66% of the employee's current salary for the period of disability, not to exceed eight weeks. Disability payments of \$10,085 and \$169 were paid in 2008 and 2007, respectively.

Note 10. Lease Commitments

The Organization leases facilities under operating leases expiring at various dates during 2008. The Organization signed a lease for a new facility expiring in November 2014, another facility was renewed for an additional four year period expiring in November 2011, and the third facility is leased on a month-to-month basis. Rent expense was \$507,131 and \$362,569 in 2008 and 2007, respectively.

The future minimum lease payments at December 31, 2008 are as follows:

| | | |
|------------|----|------------------|
| 2009 | \$ | 312,433 |
| 2010 | | 301,433 |
| 2011 | | 308,174 |
| 2012 | | 288,572 |
| 2013 | | 288,572 |
| Thereafter | | 264,524 |
| Total | \$ | <u>1,763,708</u> |

McGladrey & Pullen

Certified Public Accountants

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
**The Greater Columbus Convention &
Visitors Bureau, dba Experience Columbus**
Columbus, Ohio

We have audited the financial statements of **The Greater Columbus Convention & Visitors Bureau, dba Experience Columbus** (the Organization) as of and for the year ended December 31, 2008, and have issued our report thereon dated April 8, 2009. 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

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 deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

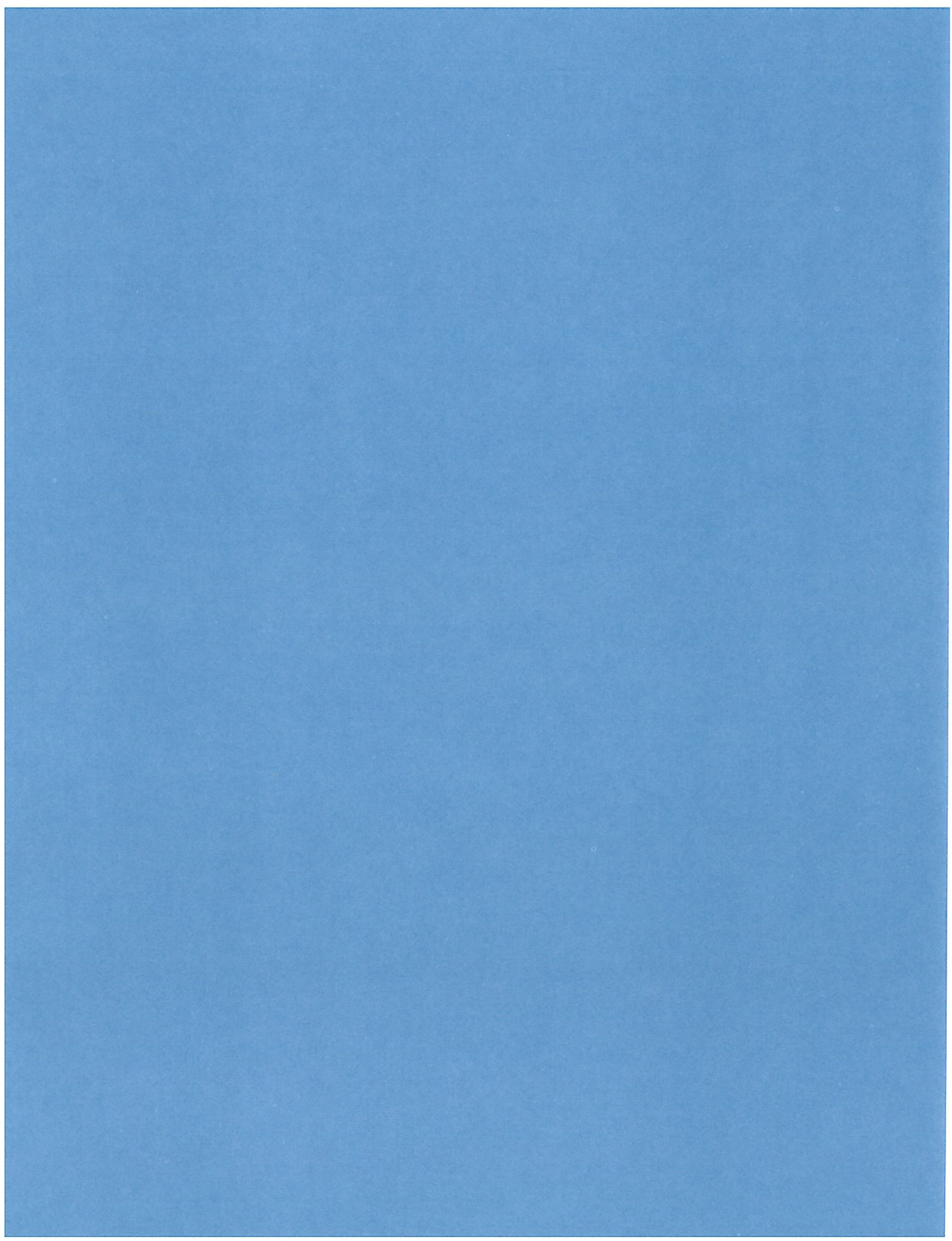
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial 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 solely for the information of the Board of Trustees, management, the City of Columbus, and the Office of the Auditor of the State of Ohio, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Columbus, Ohio
April 8, 2009





Mary Taylor, CPA
Auditor of State

GREATER COLUMBUS CONVENTION AND VISITORS BUREAU
dba
EXPERIENCE COLUMBUS
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
MAY 26, 2009