

**THE DELAWARE COUNTY CONVENTION AND
VISITORS BUREAU, INC.**

DELAWARE, OHIO

FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
The Delaware County Convention and Visitors Bureau, Inc.
34 S. Sandusky Street
Delaware, Ohio 43015

We have reviewed the *Independent Auditors' Report* of The Delaware County Convention and Visitors Bureau, Inc., Delaware County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2012 through December 31, 2012. 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 Delaware County Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert R. Hinkle, CPA, CGFM
Deputy Auditor

September 19, 2013

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**The Delaware County Convention and Visitors Bureau, Inc.
Delaware County, Ohio**

For the Years Ended December 31, 2012 and 2011

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Independent Auditors' Report

To the Board of Trustees of
The Delaware County Convention and
Visitors Bureau, Inc.
Delaware, Ohio

Report on the Financial Statements

We have audited the accompanying statements of cash receipts, cash disbursements and change in cash balance of The Delaware County Convention and Visitors Bureau, Inc. (a nonprofit organization) (the CVB) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the CVB's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash basis of accounting Note 1 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free of material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the CVB's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the CVB's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts, cash disbursements and cash balance arising from the cash transactions of the CVB as of December 31, 2012 and 2011, and for the years then ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements are prepared on the cash receipts and disbursement basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 8, 2013 on our consideration of the CVB'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CVB's internal control over financial reporting and compliance.

Wolf, Rogers, Dickey & Co.
Certified Public Accountants

June 8, 2013
Delaware, Ohio

The Delaware County Convention and Visitors Bureau, Inc.
Statements of Cash Receipts, Cash Disbursements and Change in Cash Balance
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash receipts:		
Excise tax on lodging	\$ 202,955	168,052
Interest	<u>217</u>	<u>294</u>
Total cash receipts	203,172	168,346
Cash disbursements:		
Salaries	64,263	63,395
Marketing and promotion	28,546	27,927
Payroll taxes and fringe benefits	28,207	24,507
Rent, utilities and cleaning	20,573	22,694
Publications	15,902	2,825
Office supplies	3,939	4,586
Professional fees	2,320	2,152
Dues and subscriptions	2,270	1,671
Telephone	1,727	2,954
Insurance	1,716	1,642
Mileage and parking	1,127	1,184
Training and conference	827	1,303
Office equipment	792	1,369
Relocation	-	7,424
Other	<u>30</u>	<u>525</u>
Total cash disbursements	<u>172,239</u>	<u>166,158</u>
Excess of receipts over disbursements	30,933	2,188
Cash – beginning of year	<u>133,741</u>	<u>131,553</u>
Cash – end of year	\$ <u>164,674</u>	<u>133,741</u>

The accompanying notes are an integral part of these financial statements.

The Delaware County Convention and Visitors Bureau, Inc.
Notes to Financial Statements
December 31, 2012 and 2011

(1) Summary of Significant Accounting Policies

Organization

The Delaware County Convention and Visitors Bureau (the CVB) is a not-for-profit organization which promotes travel and tourism in Delaware County, Ohio. The organization is funded by an excise tax on lodging of transient guests within Delaware County. The CVB is governed by a Board of Trustees composed of at least eleven members appointed by Delaware County Chambers of Commerce, Delaware County Commissioners, Fair Board and the CVB Trustees.

Basis of Presentation

The financial statements are prepared on the basis of cash receipts and disbursements. Consequently, support and revenue are recognized when received, and expenses are recognized when paid.

Excise tax on lodging is recognized by the CVB as it is received from Delaware County, and may not represent all revenue that is actually due from the lodging establishments. Delaware County is solely responsible for collection of the tax.

Cash and Cash Equivalents

The CVB considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Income Taxes

The CVB has been determined, by the Internal Revenue Service, to be exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code and as a result, a provision for taxes is not required. The CVB has adopted the provisions of the *Accounting for Uncertainty in Income Taxes* topic of the FASB Accounting Standards Codification. Tax returns for the years 2009 through 2012 are subject to examination by tax authorities. Interest and penalties, if any, would be recorded as interest expense and other expense, respectively, although during the years ended December 31, 2012 and 2011, the CVB did not have any interest or penalties related to taxes. The CVB currently has no unrelated business income.

The CVB's evaluation at December 31, 2012 revealed no uncertain tax positions that would have a material impact on the financial statements.

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

The Delaware County Convention and Visitors Bureau, Inc.
Notes to Financial Statements, continued
December 31, 2012 and 2011

(2) Concentrations of Credit Risk

Cash accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The CVB had no uninsured cash balances at December 31, 2012 and 2011, respectively. The CVB has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(3) Concentrations

The CVB received excise tax on lodging from seven lodging establishments and six of these lodging establishments each represent over ten percent of total revenues and in total comprise 97% of total revenue. At December 31, 2012, two lodging establishments were delinquent in remitting the excise tax. Three lodging establishments were delinquent in remitting the excise tax at December 31, 2011.

(4) Leases

The CVB leases office space under an operating lease agreement that expires in October 2016. The lease agreement requires monthly payments of \$1,450. Rent expense for 2012 and 2011 was \$17,547 and \$18,554, respectively.

In addition, the CVB leases certain office equipment under an operating lease that expires in October 2013. The monthly payments are \$131 beginning November 2010 through expiration of lease. Payments under the lease totaled \$1,572 for each year ended December 31, 2012 and 2011, respectively.

(5) Employee Benefits

The CVB offers health insurance for full-time employees.

(6) Commitments

The CVB entered into a delayed compensation arrangement with an employee in October 2010. The arrangement provides for the CVB to pay this employee an annual bonus which is to be deposited by the employee into an individual retirement account. Delayed compensation of \$6,885 was paid in 2012 and 2011.

(7) Subsequent Events

The CVB has evaluated subsequent events through June 8, 2013, the date which the financial statements were available to be issued.

Wolf, Rogers, Dickey & Co.

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Independent Auditors' Report On Internal Control Over Financial Reporting and On Compliance And Other Matters Required By Government Auditing Standards

To the Board of Trustees of
The Delaware County Convention and Visitors Bureau, Inc.
Delaware, Ohio 43015

We have audited the accompanying statements of cash receipts, cash disbursements and change in cash balance of The Delaware County Convention and Visitors Bureau, Inc. (a nonprofit organization) (the CVB) as of and for the years ended December 31, 2012 and 2011 and have issued our report thereon dated June 8, 2013. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the CVB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 CVB's internal control. Accordingly, we do not express an opinion of the effectiveness of the CVB's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of reasonably assuring whether the CVB'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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wolf, Rogers, Dickey & Co.
Certified Public Accountants

Delaware, Ohio
June 8, 2013

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Dave Yost • Auditor of State

THE DELAWARE COUNTY CONVENTION AND VISITORS BUREAU, INC

DELAWARE 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 1, 2013**