

**MARIETTA/WASHINGTON COUNTY  
CONVENTION AND VISITOR'S BUREAU, INC.**



**FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Board of Directors

Marietta/Washington County Convention and Visitor's Bureau, Inc.

We have reviewed the Independent Auditor's Report of the Marietta/Washington County Convention and Visitor's Bureau, Inc., Washington County, prepared by Rea & Associates, Inc. for the audit period January 1, 2000 through December 31, 2001. 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 Marietta/Washington County Convention and Visitor's Bureau, Inc. is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

February 26, 2002

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MARIETTA/WASHINGTON COUNTY CONVENTION  
AND VISITOR'S BUREAU, INC.



FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 22, 2002

Board of Directors  
Marietta/Washington County Convention and Visitor's Bureau, Inc.  
Marietta, OH 45750

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of the Marietta/Washington County Convention and Visitor's Bureau, Inc. (a non-profit organization) (the Bureau) as of December 31, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Bureau'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 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 made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Marietta/Washington County Convention and Visitor's Bureau, Inc. as of December 31, 2001 and 2000 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2002, on our consideration of the Marietta/Washington County Convention and Visitor's Bureau, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* generally accepted in the United States of America and should be read in conjunction with this report in considering the results of our audit.

*Rea & Associates, Inc.*

**MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITOR'S BUREAU, INC.**

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2001 AND 2000

	<u>ASSETS</u>	
	<u>2001</u>	<u>2000</u>
<b>CURRENT ASSETS:</b>		
Cash	86,273	79,651
Prepaid expenses	3,619	10,000
Accounts receivable - other	230	104
Membership receivable	800	3,346
Total current assets	<u>90,922</u>	<u>93,101</u>
 <b>EQUIPMENT:</b>		
Trolley	6,526	6,526
Outdoor sign	1,150	1,150
Office furniture and equipment	17,811	17,203
Computer equipment	30,380	28,323
Silhouettes	6,000	6,000
	<u>61,867</u>	<u>59,202</u>
Less: accumulated depreciation	<u>43,587</u>	<u>37,162</u>
	18,280	22,040
 <b>OTHER ASSETS:</b>		
Restricted cash	<u>8,172</u>	<u>2,172</u>
 Total assets	<u>\$ 117,374</u>	<u>\$ 117,313</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	4,949	16,836
Accrued payroll	1,665	0
Withheld payroll taxes	2,751	1,676
Deferred membership fees	25,031	28,197
Capital Lease Obligation - current portion	2,351	2,027
Long-term debt - current portion	0	5,526
Total current liabilities	<u>36,747</u>	<u>54,262</u>
 Capital lease obligations, net of current portion	8,593	10,900
 <b>NET ASSETS:</b>		
Temporarily restricted	8,172	2,172
Unrestricted	63,862	49,979
Total net assets	<u>72,034</u>	<u>52,151</u>
 Total liabilities and net assets	<u>\$ 117,374</u>	<u>\$ 117,313</u>

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



STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

UNRESTRICTED NET ASSETS	2001	Percent of Revenue	2000	Percent of Revenue
UNRESTRICTED REVENUES:				
Bed tax revenue	212,005	85.07 %	188,961	85.28 %
Membership	26,061	10.46	23,066	10.41
Grant Revenue	1,000	0.40	0	0.00
Washington County Commissioners	7,000	2.81	7,000	3.16
Fundraisers and merchandise sales	3,157	1.27	2,554	1.15
Total unrestricted revenues	<u>249,223</u>	<u>100.00</u>	<u>221,581</u>	<u>100.00</u>
Net assets released from restrictions:				
Restrictions satisfied by payments	0		50	
OPERATING EXPENSES:				
Salaries and wages	75,028	30.10	74,094	33.43
Taxes - payroll	6,638	2.66	6,569	2.96
Contract Labor	500	0.20	3,234	1.46
Depreciation	6,425	2.58	5,697	2.57
Employee insurance	4,302	1.73	3,351	1.51
Office supplies and expense	10,920	4.38	13,437	6.06
Shipping	3,051	1.22	0	0.00
Postage	19,492	7.82	19,299	8.71
Staff training	1,227	0.49	387	0.17
Telephone	5,456	2.19	7,383	3.33
Repairs and maintenance	542	0.22	921	0.42
Rent	8,450	3.39	7,150	3.23
Accounting and legal fees	1,030	0.41	4,387	1.98
Subscriptions	291	0.12	284	0.13
Insurance - liability and bonding	3,265	1.31	2,364	1.07
Advertising	59,827	24.01	48,859	22.05
Trolley expenses	1,754	0.70	1,174	0.53
Visitor's guide	10,000	4.01	10,000	4.51
Travel and entertainment	3,399	1.36	1,457	0.66
Promotional	3,702	1.49	4,261	1.92
Conventions and trade shows	7,099	2.85	4,227	1.91
Miscellaneous	479	0.19	77	0.03
Dues and organizations expense	1,915	0.78	8,140	3.67
Total operating expenses	<u>234,792</u>	<u>94.21</u>	<u>226,752</u>	<u>102.31</u>
Income from operations	<u>14,431</u>	<u>5.79</u>	<u>(5,121)</u>	<u>(2.31)</u>
OTHER INCOME (EXPENSE):				
Interest expense	(1,556)		(1,338)	
Interest income	<u>1,007</u>		<u>914</u>	
Total other income (expense)	<u>(549)</u>	<u>(0.22)</u>	<u>(424)</u>	<u>(0.19)</u>
Net increase (decrease) in unrestricted net assets	13,882	<u>5.57 %</u>	(5,545)	<u>(2.50) %</u>
TEMPORARILY RESTRICTED NET ASSETS				
Temporarily Restricted Revenue:				
Restricted Income	6,000		0	
Net release from restrictions				
Restrictions satisfied by payments	<u>0</u>		<u>(50)</u>	
Increase (decrease) in temporarily restricted assets	<u>6,000</u>		<u>(50)</u>	
Increase in net assets	19,882		(5,595)	
Net assets, beginning of year	<u>52,151</u>		<u>57,746</u>	
Net assets, end of year	<u>\$ 72,034</u>		<u>\$ 52,151</u>	

**MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITOR'S BUREAU, INC.**

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from members and other sources	\$ 257,643	\$ 231,653
Cash paid to suppliers and employees	(234,300)	(214,739)
Interest received	1,007	914
Interest paid	(1,556)	(1,338)
Net cash provided by operating activities	22,794	16,490
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash purchase of fixed assets	(2,664)	(788)
Net cash used by investing activities	(2,664)	(788)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of long-term debt	(5,525)	(108)
Payment of capital lease obligations	(1,983)	(768)
	(7,508)	(876)
Net increase in cash	\$ 12,622	\$ 14,826
CASH AND CASH EQUIVALENTS, beginning of year	81,823	66,997
CASH AND CASH EQUIVALENTS, end of year	\$ 94,445	\$ 81,823
<b>RECONCILIATION OF EXCESS REVENUES OVER</b>		
<b>EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Net revenue in excess of expenses	\$ 19,882	\$ (5,595)
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:		
Depreciation	6,425	5,697
(Increase) decrease in assets:		
Receivables	2,420	10,072
Prepaid expenses	6,381	(10,000)
Increase (decrease) in liabilities:		
Accounts payable	(11,887)	15,526
Payroll and withholdings	2,740	(1,169)
Deferred membership fees	(3,167)	1,959
Net cash provided by operating activities	\$ 22,794	\$ 16,490

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

**MARIETTA/WASHINGTON COUNTY CONVENTION  
AND VISITOR'S BUREAU, INC.**

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NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting principles and practices of Marietta/Washington County Convention and Visitor's Bureau, Inc. (the Bureau) are set forth to facilitate the understanding of data presented in the financial statements.

Nature of Activities

Marietta/Washington County Convention and Visitor's Bureau, Inc. was organized to enhance and promote the Marietta area as a meeting place for conventions and conferences and as an attraction for tourists.

Statements of Cash Flows

For purposes of the statements of cash flows, the Bureau considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

Property and Equipment

Expenditures for property and equipment and for renewals and betterments which extend the originally estimated economic lives of assets are capitalized at cost. Expenditures for maintenance and repairs are charged to expense. Items which are sold, retired or otherwise disposed are removed from the asset accounts, and any gains or losses are reflected in income. Depreciation expense was \$6,425 and \$5,697, respectively for the years ended December 31, 2001 and 2000.

The estimated useful lives and the depreciation methods are as follows:

<u>Description</u>	<u>Useful Life</u>	<u>Method</u>
Trolley	20 years	Straight line
Signs	10 years	Straight line
Office equipment	5-7 years	Straight line
Computer equipment	5 years	Straight line
Silhouettes	7 years	Straight line

Income Taxes

The Bureau is exempt from Federal income taxes under Section 501(C)(6) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with the principles of the modified cash basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**MARIETTA/WASHINGTON COUNTY CONVENTION  
AND VISITOR'S BUREAU, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues and Expenses as net assets released from restrictions.

Restricted Cash

The organization has cash that is temporarily restricted by the donee. The cash is to be used for the purpose of replacing the trolley and maintenance of Christmas lights at East Muskingum Park. The amount of restricted cash at December 31, 2001 and 2000 of \$8,712 and \$2,172, respectively, also represents the temporarily restricted net assets.

Advertising Costs

Advertising costs are charged to operations in the year incurred and totaled \$58,165 and \$48,859 for 2001 and 2000, respectively.

NOTE 2: RELIANCE ON BED TAX REVENUE

The Bureau receives a significant amount of its support from permissive lodging excise tax. The excise tax is collected by the City of Marietta. The loss of this revenue would have an adverse effect on the Organization's financial condition.

NOTE 3: RENT

The Bureau leases its facilities from a local unrelated non-profit organization. The lease is month to month and rent expense was \$8,450 and \$7,150 in 2001 and 2000, respectively.

NOTE 4: LONG-TERM DEBT

Long-term debt consisted of the following:

Note payable to Settler's Bank, payable in monthly installments of \$137, including interest at 7.9%, collateralized by a certificate of deposit at the Bank. The note was scheduled to mature in November 2004. The principal balance was paid in full in 2001.

2000

\$ 5,526

Less: current portion

5,526

\$ 0

**MARIETTA/WASHINGTON COUNTY CONVENTION  
AND VISITOR'S BUREAU, INC.**

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NOTES TO FINANCIAL STATEMENTS

NOTE 5: CAPITAL LEASE OBLIGATIONS

The Bureau leased a copy machine in May 2000 under capital lease terms. The capitalized cost of the equipment is \$13,695. Monthly lease payments are \$314 for 63 months with imputed interest of 14.9%. Amortization is expensed over the useful life of the asset and is included in amounts reported as depreciation.

Future minimum lease payments are as follows:

Year ending December 31	2002	\$ 3,774
	2003	3,774
	2004	3,774
	2005	<u>2,516</u>
Total minimum lease payments		13,838
Less: imputed interest		<u>2,894</u>
Capital lease obligation		<u>\$ 10,944</u>
Current portion		\$ 2,351
Long-term portion		<u>8,593</u>
		<u>\$ 10,944</u>

NOTE 6: NON-CASH INVESTING AND FINANCIAL ACTIVITIES

During 2001 and 2000, the Bureau purchased equipment as follows:

	<u>2001</u>	<u>2000</u>
Purchase of equipment	\$ 2,665	\$ 20,117
Financed with long-term debt	0	(5,634)
Financed with capital lease obligation	<u>0</u>	<u>(13,695)</u>
Cash paid for equipment	<u>\$ 2,665</u>	<u>\$ 788</u>

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 22, 2002

Board of Directors  
Marietta/Washington County Convention & Visitor's Bureau  
316 Third Street  
Marietta, Ohio 45750

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING  
STANDARDS**

We have audited the financial statements of the Marietta/Washington County Convention & Visitor's Bureau (a non-profit organization) as of and for the year ended December 31, 2001 and have issued our report thereon dated January 22, 2002 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Marietta/Washington County Convention & Visitor's Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Marietta/Washington County Convention & Visitor's Bureau's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We did not note any matters involving 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 Marietta/Washington County Convention & Visitor's Bureau's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, others within the organization and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hea & Associates, Inc.*





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MARIETTA/WASHINGTON CONVENTION AND VISITOR'S BUREAU, INC**

**WASHINGTON 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  
MARCH 7, 2002**