

**WARREN COUNTY  
CONVENTION & VISITORS BUREAU**

Accountants' Report and Financial Statements

December 31, 2003 and 2002





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Warren County Convention & Visitors Bureau  
313 East Warren  
Lebanon, Ohio 45036

We have reviewed the Independent Auditor's Report of the Warren County Convention & Visitors Bureau, Warren County, prepared by BKD LLP, for the audit period January 1, 2002 to December 31, 2003. 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 Warren County Convention & Visitors Bureau is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

April 19, 2004

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# Warren County Convention & Visitors Bureau

December 31, 2003 and 2002

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## Independent Accountants' Report

The Board of Trustees  
Warren County Convention & Visitors Bureau  
Lebanon, Ohio

We have audited the accompanying statements of financial position-modified cash basis of the Warren County Convention & Visitors Bureau as of December 31, 2003 and 2002, the related statements of activities-modified cash basis and the statements of cash flows-modified cash basis 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 for 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Warren County Convention & Visitors Bureau, as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*BKD, LLP*

January 23, 2004

**Warren County Convention & Visitors Bureau**  
**Statements of Financial Position – Modified Cash Basis**  
**December 31, 2003 and 2002**

	<b>2003</b>	<b>2002</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 313,151	\$ 293,294
Investments	142,018	135,794
Furniture and equipment, net	<u>32,732</u>	<u>28,735</u>
	<u>\$ 487,901</u>	<u>\$ 457,823</u>
 <b>Liabilities and Net Assets</b>		
Capital lease obligations	\$ 12,145	\$ 15,665
Net assets – Unrestricted	<u>475,756</u>	<u>442,158</u>
	<u>\$ 487,901</u>	<u>\$ 457,823</u>



**Warren County Convention & Visitors Bureau**  
**Statements of Activities – Modified Cash Basis**  
**Years Ended December 31, 2003 and 2002**

	<b>2003</b>	<b>2002</b>
<b>Revenue</b>		
Lodgers' tax	\$ 1,039,459	\$ 928,092
Investment return	9,318	8,060
Advertising income	15,300	34,646
Other income	4,059	—
Special events income	<u>173,627</u>	<u>98,521</u>
Total revenue	<u>1,241,763</u>	<u>1,069,319</u>
 <b>Expenses</b>		
Information distribution	26,140	26,485
Sales and public relations	96,971	102,135
Advertising	246,250	234,131
Administration and operations	107,264	102,531
Personnel	339,157	262,966
Tourism information centers	65,143	77,225
Research and development	18,525	9,731
Bicentennial celebration	133,715	88,427
Grant	<u>175,000</u>	<u>—</u>
Total expenses	<u>1,208,165</u>	<u>903,631</u>
 <b>Change in Net Assets</b>	 33,598	 165,688
<b>Net Assets, Beginning of Year</b>	<u>442,158</u>	<u>276,470</u>
<b>Net Assets, End of Year</b>	<u>\$ 475,756</u>	<u>\$ 442,158</u>

**Warren County Convention & Visitors Bureau**  
**Statements of Cash Flows – Modified Cash Basis**  
**Years Ended December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>Operating Activities</b>		
Change in net assets	\$ 33,598	\$ 165,688
Items not requiring operating activities cash flows		
Loss on disposal of equipment	—	3,602
Depreciation	<u>10,286</u>	<u>9,873</u>
Net cash provided by operating activities	<u>43,884</u>	<u>179,163</u>
<b>Investing Activities</b>		
Purchase of investments	(6,224)	(6,282)
Purchase of furniture and equipment	<u>(14,283)</u>	<u>(8,790)</u>
Net cash used in investing activities	<u>(20,507)</u>	<u>(15,072)</u>
<b>Financing Activities - Repayment of capital lease obligations</b>	(3,520)	(5,298)
<b>Increase in Cash and Cash Equivalents</b>	19,857	158,793
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>293,294</u>	<u>134,501</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 313,151</u>	<u>\$ 293,294</u>
<b>Supplemental Cash Flows Information</b>		
Capital lease obligation incurred for equipment	\$ —	\$ 16,886

# Warren County Convention & Visitors Bureau

## Notes to Financial Statements

December 31, 2003 and 2002

### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### ***Nature of Operations***

Warren County Convention & Visitors Bureau, (the Organization), is a nongovernmental not-for-profit organization, incorporated in the State of Ohio. The Organization promotes tourism and provides education on current events and heritage of Warren County, Ohio. The Organization receives substantial all its revenue from the lodgers' tax which is allocated by Warren County, Ohio.

#### ***Basis of Presentation***

The financial statements are prepared and presented using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis differs from generally accepted accounting principles since revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. In addition, expenditures for furniture and equipment are capitalized and depreciated over the estimated useful lives of the related assets.

#### ***Use of Estimates***

The preparation of financial statements in conformity with the modified-cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash Equivalents***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2003 and 2002, cash equivalents consisted primarily of money market funds.

#### ***Investments and Investment Return***

Investments at December 31, 2003 and 2002 are comprised of bank certificates of deposit. These certificates of deposit have 16 month maturities and bear interest of 4.88% at December 31, 2003. Investment return includes interest income.

#### ***Furniture and Equipment***

Furniture and equipment are recorded at cost depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives.

#### ***Income Taxes***

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

# Warren County Convention & Visitors Bureau

## Notes to Financial Statements

December 31, 2003 and 2002

### Note 2: Furniture and Equipment

Furniture and equipment at December 31, consists of:

	2003	2002
Computer equipment	\$ 30,948	\$ 21,480
Office equipment	21,587	8,712
Office furniture	<u>13,527</u>	<u>21,587</u>
	66,062	51,779
Less accumulated depreciation	<u>(33,330)</u>	<u>(23,044)</u>
	<u>\$ 32,732</u>	<u>\$ 28,735</u>

### Note 3: Capital Lease

The Organization is obligated under a capital lease for certain office equipment. Furniture and equipment includes the following equipment under this capital lease:

	2003	2002
Copier	\$ 16,886	\$ 16,886
Less accumulated depreciation	<u>(4,824)</u>	<u>(2,412)</u>
	<u>\$ 12,062</u>	<u>\$ 14,474</u>

Future minimum payments under the capital lease at December 31, 2003 were:

2004	\$	5,314
2005		4,905
2006		<u>3,270</u>
		13,489
Less amount representing interest		<u>(1,344)</u>
		<u>\$ 12,145</u>

# Warren County Convention & Visitors Bureau

## Notes to Financial Statements

December 31, 2003 and 2002

### Note 4: Operating Lease

A noncancellable operating lease for office space expires in December 2012. This lease contains a renewal option for an additional 10 years. Future minimum lease payments at December 31, 2003 were:

	<u>2003</u>
2004	\$ 11,000
2005	13,412
2006	13,412
2007	13,412
2008	13,412
Later Years	<u>53,648</u>
	<u>\$ 118,296</u>

Rent expense for all operating leases was approximately \$11,000 and \$24,000 for 2003 and 2002, respectively.

### Note 5: Commitments

The Organization entered into an agreement with Tennis for Charity to help finance the purchase and maintenance of certain property important to the attraction of visitors to Warren County, Ohio. Contributions by the Organization under this agreement are funded by an additional one percent Warren County hotel-motel tax and specific allocations from Warren County, Ohio. Annual grants are committed through 2021 as follows:

	<u>Amount Payable in Each Year</u>	<u>Amount Payable for the Period</u>
2004-2007	\$ 175,000	\$ 700,000
2008-2012	225,000	1,125,000
2013-2017	250,000	1,250,000
2018-2021	100,000	<u>400,000</u>
		<u>\$ 3,475,000</u>

## **Supplementary Information**



**Independent Accountants' Report on Compliance and Internal Control  
Over Financial Reporting Based on the Audit  
of the Financial Statements in Accordance  
with *Government Auditing Standards***

The Board of Trustees  
Warren County Convention & Visitors Bureau  
Lebanon, Ohio

We have audited the financial statements of the Warren County Convention & Visitors Bureau as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated January 23, 2004. 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 Comptroller General of the United States.

Compliance

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 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 audits 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 audits, we considered the Organization'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 of the Board of Trustees, the Auditor of the State of Ohio, and management and is not intended to be and should not be used by anyone other than these specified parties.

*BKD, LLP*

January 23, 2004

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**Auditor of State  
Betty Montgomery**

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**WARREN COUNTY CONVENTION AND VISITORS BUREAU**

**WARREN 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  
APRIL 29, 2004**