

Financial Statements and Report of Independent Certified Public Accountants

**GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.**

December 31, 2004 and 2003





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Greater Cincinnati Convention and Visitors Bureau, Inc.  
Cincinnati, Ohio

We have reviewed the *Report of Independent Certified Public Accountants* of the Greater Cincinnati Convention and Visitors Bureau, Inc., Hamilton County, prepared by Grant Thornton LLP, for the audit period January 1, 2004 through December 31, 2004. 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 Cincinnati Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

January 3, 2006

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Trustees  
Greater Cincinnati Convention and Visitors Bureau, Inc.

We have audited the accompanying statements of financial position of Greater Cincinnati Convention and Visitors Bureau, Inc. as of December 31, 2004 and 2003, and the related statements of changes in net assets 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 audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Greater Cincinnati Convention and Visitors Bureau, Inc. as of December 31, 2004 and 2003, 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 May 4, 2005 on our consideration of the Greater Cincinnati Convention and Visitor's Bureau, Inc.'s internal control over financial reporting and on 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 assessing the results of our audit.



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May 4, 2005

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**GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.**

**STATEMENTS OF FINANCIAL POSITION**

December 31,

<b>ASSETS</b>	<b>2004</b>	<b>2003</b>
Cash and cash equivalents	\$ 289,064	\$ 236,349
County Hotel/Motel excise tax receivable (less allowance for doubtful accounts of \$20,000 in 2004)	971,651	1,010,350
Publication and advertising receivable	271,254	220,247
Subscriptions receivable	25,431	252,513
General and suppliers' current and prior year subscriptions and sundry advances (less allowance for doubtful accounts of \$75,967 in 2004 and \$72,305 in 2003)	379,520	280,772
Prepaid expenses	<u>121,060</u>	<u>127,528</u>
<b>TOTAL CURRENT ASSETS</b>	<b>2,057,980</b>	<b>2,127,759</b>
Property and equipment	656,654	638,271
Less accumulated depreciation	<u>497,624</u>	<u>425,394</u>
	<u>159,030</u>	<u>212,877</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,217,010</u></b>	<b>\$ <u>2,340,636</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current portion of capital lease	\$ 18,773	\$ 16,339
Accounts payable	658,927	633,613
Accrued payroll	33,021	22,627
Payroll taxes and amounts withheld from employees' compensation	43,888	500
Deferred rent	2,391	4,723
Deferred subscription income	<u>3,797</u>	<u>213,866</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>760,797</b>	<b>891,668</b>
Capital lease obligation	<u>66,028</u>	<u>84,810</u>
<b>TOTAL LIABILITIES</b>	<b>826,825</b>	<b>976,478</b>
Unrestricted net assets	<u>1,390,185</u>	<u>1,364,158</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>2,217,010</u></b>	<b>\$ <u>2,340,636</u></b>

The accompanying notes are an integral part of these statements.

**GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.**

**STATEMENTS OF CHANGES IN NET ASSETS**

For the years ended December 31,

	<b>2004</b>	<b>2003</b>
<b>REVENUES</b>		
Gross County Hotel/Motel excise tax revenue	\$ 4,201,487	\$ 4,016,678
Designated to Northern Cincinnati CVB	<u>(250,000)</u>	<u>(250,000)</u>
Net County Hotel/Motel excise tax revenue	3,951,487	3,766,678
Income from members' subscriptions	277,083	401,365
Publication and advertising	247,386	220,218
Registration services	20,315	27,717
Passkey	32,875	-
Interest income	1,833	4,663
Other income	<u>29,004</u>	<u>20,292</u>
Total revenues	4,559,983	4,440,933
<b>EXPENSES</b>		
Solicitation	1,558,920	1,470,958
Convention sales and destination services	877,322	964,398
General and administrative	892,274	872,512
Publication and production	224,409	211,678
Public relations and marketing	956,031	1,016,101
Contributions	<u>25,000</u>	<u>25,000</u>
Total expenses	<u>4,533,956</u>	<u>4,560,647</u>
<b>CHANGE IN NET ASSETS</b>	26,027	(119,714)
Net assets at beginning of year	<u>1,364,158</u>	<u>1,483,872</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 1,390,185</u></u>	<u><u>\$ 1,364,158</u></u>

The accompanying notes are an integral part of these statements.



**GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.**

**STATEMENTS OF CASH FLOWS**

For the years ended December 31,

	<b>2004</b>	<b>2003</b>
Cash provided by (used in) operating activities:		
Change in net assets	\$ 26,027	\$ (119,714)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	72,230	56,611
(Increase) decrease in accounts receivable and advances-net	116,026	(177,783)
(Increase) decrease in prepaid expenses	6,468	(42,802)
Increase in accounts payable	25,314	117,147
Increase (decrease) in payroll taxes and amounts withheld	43,388	(2,543)
Increase (decrease) in accrued payroll	10,394	(67,832)
Decrease in accrued interest	-	(1,500)
Decrease in deferred compensation	-	(151,322)
Increase (decrease) in deferred rent	(2,332)	4,723
Decrease in deferred subscription income	<u>(210,069)</u>	<u>(132,692)</u>
Net cash provided by (used in) operating activities	87,446	(517,707)
Cash provided by (used in) investing activities:		
Purchase of property and equipment	(18,383)	(191,404)
Change in investments	<u>-</u>	<u>86,346</u>
Net cash used in investing activities	(18,383)	(105,058)
Cash provided by (used in) financing activities:		
Net proceeds/payments on line of credit	-	(150,000)
Net proceeds from (payments on) capital lease obligation	<u>(16,348)</u>	<u>101,149</u>
Net cash used in financing activities	<u>(16,348)</u>	<u>(48,851)</u>
Net increase (decrease) in cash and cash equivalents	52,715	(671,616)
Cash and cash equivalents at beginning of year	<u>236,349</u>	<u>907,965</u>
Cash and cash equivalents at end of year	<u><u>\$ 289,064</u></u>	<u><u>\$ 236,349</u></u>

The accompanying notes are an integral part of these statements.

# GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

### NOTE A - SUMMARY OF ACCOUNTING POLICIES

Greater Cincinnati Convention and Visitors Bureau, Inc. (the Bureau) is a sales, marketing, and service organization and impacts the Greater Cincinnati area economy through convention, trade show, and visitor expenditures.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

#### 1. Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with a maturity of three months or less when purchased. The Bureau maintains its cash balances in demand deposit accounts, money market funds, and certificates of deposit primarily with commercial banks in Ohio.

#### 2. Fixed Assets

Property and equipment are recorded at cost. Costs of maintenance and repairs are charged to expense as incurred. Major improvements and renewals, in general, are capitalized.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense was \$72,230 and \$56,611 in 2004 and 2003, respectively.

#### 3. Deferred Subscription Income

Deferred subscription income represents billings in the current year that pertain to revenues attributable to the following year.

#### 4. Temporarily Restricted Net Assets

The Bureau reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

# GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004 and 2003

### NOTE A - SUMMARY OF ACCOUNTING POLICIES (continued)

The Bureau reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Bureau reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Bureau does not currently have temporarily restricted net assets.

#### 5. Permanently Restricted Net Assets

Net assets that are subject to donor-imposed stipulations that require the assets to be maintained permanently by the Bureau. Generally, the donors of these assets permit the Bureau to use all or part of the income earned on related investments for general or specific purposes. The Bureau does not currently have permanently restricted net assets.

### NOTE B - REVENUES

The Bureau receives revenues generated from a 3% excise tax on hotel rooms in Hamilton County, Ohio. These revenues are authorized under regulations approved by the Hamilton County Board of Commissioners under legislation approved by the Ohio legislature. Membership and other fees are recognized as earned.

### NOTE C - CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Bureau to a concentration of credit risk consist of cash. At times, cash balances may be in excess of the insurance coverage provided by the Federal Deposit Insurance Corporation.

### NOTE D - OPERATING LEASES

The Bureau has operating leases for office space, furniture and office equipment and vehicles which expire at various dates through 2009. The future minimum rental commitments as of December 31, 2004 for the noncancelable leases are as follows:

2005	\$150,254
2006	107,654
2007	65,060
2008	42,450
2009	<u>2,852</u>
	<u>\$368,270</u>

Total rental expense was \$176,768 and \$223,478 in 2004 and 2003, respectively.

**GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2004 and 2003

**NOTE E - CAPITAL LEASES**

The Company assumed equipment and furniture under capital lease agreements. The amounts outstanding for the equipment leases amounted to \$84,801. The leases expire at various dates through September 2008. Capital assets included in property and equipment have costs totaling \$105,430 and accumulated depreciation totaling \$31,629 at December 31, 2004.

The following is a schedule of future annual minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2004:

2005	\$ 29,543
2006	29,543
2007	29,543
2008	<u>20,955</u>
	109,584
Less amount representing interest	<u>(24,783)</u>
	<b><u>\$ 84,801</u></b>
Current portion of capital lease obligation	\$18,773
Long-term portion of capital lease obligation	<u>66,028</u>
	<b><u>\$84,801</u></b>

**NOTE F - REVOLVING LINE OF CREDIT**

The company has a revolving line of credit agreement for \$350,000 with a bank, secured by all the assets of the organization. The line bears interest at the prime rate (5.25% at December 31, 2004) with principal and interest due July 27, 2005. At December 31, 2004, there was no balance outstanding.

**NOTE G - PENSION PLAN**

The Bureau has a noncontributory defined contribution pension plan covering all employees who qualify as to age and length of service. The Bureau's policy is to fund pension costs accrued. Pension expense was \$62,122 and \$64,000 in 2004 and 2003, respectively.

**GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2004 and 2003

**NOTE H - FUNCTIONAL EXPENSES**

The Bureau promotes the Greater Cincinnati area economy through its sales and marketing efforts. Expenses related to providing these program services and supporting functions for the year ended December 31 are as follows:

	2004	2003
Program services	\$3,641,682	\$3,688,135
General and administrative	<u>892,274</u>	<u>872,512</u>
	<u><b>\$4,533,956</b></u>	<u><b>\$4,560,647</b></u>

**NOTE I - INCOME TAX STATUS**

The Internal Revenue Service has ruled that the Bureau qualified under Section 501(c)(6) of the Internal Revenue Code (IRC) and has exempt status under present federal income tax law. Once qualified, the Bureau is required to operate in conformity with the IRC to maintain its qualification. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Bureau's exempt status.

**NOTE J - SUBSEQUENT EVENT**

In May 2005, the decision was made to move the Blue Ash office to the existing office downtown. Presently, the intent is to sub-lease the Blue Ash office.

SUPPLEMENTAL INFORMATION

Accountants and Business Advisors

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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**

Board of Trustees  
Greater Cincinnati Convention and Visitors Bureau, Inc.

We have audited the financial statements of the Greater Cincinnati Convention and Visitors Bureau, Inc. ("the Bureau") as of and for the year ended December 31, 2004, and have issued our report thereon dated May 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

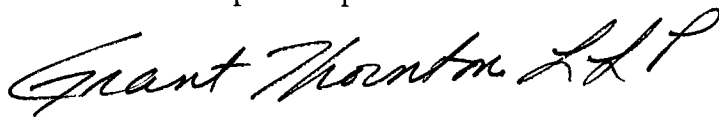
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 an opinion on the internal control over financial reporting. Accordingly, we express no such opinion. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be a material weakness. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau'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*.

This report is intended solely for the information and use 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



Cincinnati, Ohio

May 4, 2005

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**GREATER CINCINNATI CONVENTION AND VISITORS BUREAU, INC.**

**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  
JANUARY 17, 2006**