

**MEDINA COUNTY CONVENTION
AND VISITORS BUREAU**

INDEPENDENT AUDITOR'S REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2008**

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Medina County Convention and Visitors Bureau
32 Public Square
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of the Medina County Convention and Visitors Bureau, Medina County, prepared by Varney, Fink & Associates, Inc., 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 Medina County Convention and Visitors Bureau 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

October 8, 2009

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**MEDINA COUNTY CONVENTION AND VISITORS BUREAU
FOR THE YEAR ENDED
DECEMBER 31, 2008**

TABLE OF CONTENTS

Independent Auditor's Report.....	1
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statement.....	6
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	11
Schedule of Prior Audit Findings	13

INDEPENDENT AUDITOR'S REPORT

Medina County Convention and Visitors Bureau
32 Public Square
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying statement of financial position of the Medina County Convention and Visitors Bureau (the Bureau), as of December 31, 2008, and the related statement of activities, and cash flows for the year 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 audit.

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. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the Bureau, as of December 31, 2008 and the respective changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2009 on our consideration of the Bureau'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 important for assessing the results of our audit.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

September 1, 2009

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2008

ASSETS

Cash	\$178,752
Accounts receivable	58,710
Prepaid expenses	6,888
Security deposits	1,500
Furniture and equipment, net	<u>5,797</u>

Total Assets \$251,647

LIABILITIES

Accounts payable	\$4,539
Accrued wages	3,719
Payroll taxes and withholdings	<u>2,257</u>

Total Liabilities 10,515

NET ASSETS

Unrestricted	<u>241,132</u>
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TOTAL LIABILITIES AND NET ASSETS \$251,647

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

**MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

REVENUES

County room tax	\$262,304
Membership dues	5,775
Interest	2,127
Other income	2,899
	2,899
 Total revenues	 273,105

EXPENSES

Salaries and wages	74,688
Payroll taxes and employee benefits	34,426
Insurance	3,295
Telephone	3,552
Rent	19,437
Contract labor	5,255
Promotion	4,953
Advertising and printing	85,009
Office supplies and accessories	7,614
Photography/Art	102
Utilities	3,219
Postage	9,283
Dues and subscriptions	3,967
Professional fees	7,130
Travel	4,243
Leased equipment	919
Vehicle	4,088
Conferences/meetings	6,156
Miscellaneous	614
Depreciation	2,408
	2,408
 Total Expenses	 280,358

CHANGE IN NET ASSETS (7,253)

NET ASSETS - Beginning of year 248,385

NET ASSETS - End of year \$241,132

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

**MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	(\$7,253)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	2,408
(Increase) decrease in operating assets:	
Prepaid expenses	(2,050)
Accounts receivable	5,638
Accounts payable	1,569
Accrued wages	94
Payroll taxes	119
Total adjustments	7,778
Net cash provided by operating activities	525

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Capital Assets	(7,194)
Net cash used in financing activities	(7,194)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment on Loan Payable	(1,310)
Net cash used in financing activities	(1,310)

INCREASE IN CASH (7,979)

CASH - Beginning of year 186,731

CASH - End of year \$178,752

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

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

1. NATURE OF BUSINESS

The Medina County Convention and Visitors Bureau (the Bureau), is a not-for-profit organization established in accordance with Section 501(c)(6) of the Internal Revenue Code. The Bureau was formed to promote the area, facilities and attractions as a destination for visitors, resulting in increased business activity and improved quality of life for Medina County. The main source of revenue for the Bureau are funds generated within Medina County by the county hotel/motel excise tax. The Bureau operates under a nine-member Board of Trustees, six who are elected internally by members and three who are appointed by the Medina County Commissioners.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared in compliance with Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFAS 117 the Bureau is required to present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. All of the Bureau's assets are unrestricted.

Cash and Cash Equivalents

For purposes of the statements 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.

Concentration of Credit Risk

The Bureau maintains its cash in bank deposit accounts which are protected by the Federal Deposit Insurance Corporation. Management believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable includes hotel/motel excise tax and other revenues receivable. The hotel/motel excise tax represents amounts due from the County of Medina for room taxes collected in the final quarter of the calendar year. Other revenues receivable consist largely of membership dues.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected.

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In the opinion of management, at December 31, 2008, all accounts were considered collectible and no allowance was necessary.

Furniture and Equipment

Furniture and equipment are carried at cost, less accumulated depreciation computed on the straight-line method. Furniture and equipment that are donated are recorded at their fair market value on the date of receipt. Capital additions and major betterments over \$2,500 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 recognized. Depreciation is computed over the following useful lives:

<u>Description</u>	<u>Useful Lives</u>	<u>Method</u>
Display Equipment	20	Straight-Line
Vehicles	5	Straight-Line

Revenue Recognition

The Bureau recognizes revenues at the time persuasive evidence of an arrangement exists, the service is provided or prices are fixed or determinable and collection is reasonably assured.

Income Taxes

The Bureau is a recognized not-for-profit organization under Section 501(c)(6) of the Internal Revenue Code. The Bureau is not classified as a private foundation and therefore is not subject to Federal, state or local income taxes.

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 at the date of the financial statements and during the reporting period. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as well as the reported amounts of revenues and expenses. Actual results could differ from those estimates.

3. CASH

The Bureau maintains a checking account and three savings accounts. The checking account and two of the savings accounts are used for general purposes. The third savings account has been designated as the reserve fund. This fund is to be used at the Board's discretion for daily operations, should funding be interrupted. The Bureau's total bank balance in all accounts is \$180,556.28, which is entirely insured by the Federal Deposit Insurance Corporation.

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

4. FURNITURE AND EQUIPMENT

A summary of furniture and equipment at December 31, 2008 is presented below:

Furniture and Fixtures	\$12,285
Vehicles	26,706
	38,991
Less Accumulated Depreciation	(33,194)
Furniture and Equipment - Net	\$5,797

5. LOAN PAYABLE

The Bureau purchased a Ford Windstar Van in 2003 for \$26,706. The actual amount financed was \$26,206 after \$500 down payment with 0.00% interest rate. The loan payments have been made in monthly installments since April 27, 2003. The monthly payment totals \$436.76 and the loan was fully retired in March 2008. Changes in the loan payable during 2008 were as follows:

	2007 Ending Balance	2008 Additions	2008 Retirements	2008 Ending Balance
Van Loan	\$1,310	\$0	(\$1,310)	\$0

6. HOTEL/MOTEL TAX

Medina County provides funding to the Bureau by remitting collections from the County's hotel/motel tax. During 2008, the Bureau recorded \$262,304 in hotel/motel tax revenue. This amount includes an anticipated amount of \$58,500 for the fourth quarter of 2008 to be collected in the first quarter of 2009.

7. RETIREMENT PLANS

The Bureau implemented a SIMPLE IRA (Savings Incentive Match Plan for Employees) Program effective January 1, 2000. Annual employer contributions to the plan are required at the participant's elective percentage of 1% to 3% of eligible compensation as defined in the plan or a maximum of \$5,000 per year. The Bureau contributes on a monthly basis. This plan renews annually unless changed or terminated by the Board of Trustees. The Bureau contributions totaled \$2,111 in 2008.

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

8. COMMITMENTS AND CONTINGENCIES

Operating Lease

The Bureau leases office space for operations from 32/33 LLC. The lease agreement began on January 8, 2008 and expires on December 31, 2010. The Bureau is making monthly payments of \$1,500. The following is a schedule of lease liability committed to by the Bureau and not reflected in the accompanying statements:

<u>Year</u>	<u>Total</u>
2009	\$18,000
2010	<u>18,000</u>
Total	<u>\$36,000</u>

Contracts

Consulting Agreement

The Bureau had entered into an employment contract with its consultant for the period of January 1, 2007 through December 31, 2008 that provides for professional service fees of \$1,000 per quarter. The Bureau has entered into a new contract with the consultant through December 31, 2010 that provides for professional fees of \$1,275 per quarter.

Contingencies

The Bureau receives a majority of its support from the County bed tax. Any significant reduction in the level of support, should one occur, may have an influence on the Bureau's programs and general operation. The Board of Trustees in anticipation of such an occurrence has set aside the sum of \$45,000 plus any accumulated interest in one of the savings accounts. This will allow the Bureau to continue operations for approximately three months, assuming current operating expense levels.

The Bureau, in the course of its normal operations, is subject to claims and lawsuits which may arise from time to time. Currently, the Bureau does not have any pending or threatened litigation.

9. RISK MANAGEMENT

The Bureau has obtained the following commercial insurance through private carriers:

- a. Comprehensive property and general liability
- b. Public officials and employee liability
- c. Vehicles

The Bureau also provides health insurance for all Bureau employees through a private carrier.

MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

10. RELATED PARTY TRANSACTION

During 2008, the Bureau purchased shirts and gift baskets from Love's Cutom Embroidery in the amount of \$1,337. The owner of Love's Custom Embroidery is the Bureau's Board Secretary.

**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***

Medina County Convention and Visitors Bureau
32 Public Square
Medina, Ohio 44256

To the Board of Trustees:

We have audited the accompanying statement of financial position of the Medina County Convention and Visitors Bureau (the Bureau), as of December 31, 2008, and related statement of activities and cash flows for the year then ended and have issued our report thereon dated September 1, 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 Bureau'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 Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bureau'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 Bureau's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Bureau's financial statements that is more than inconsequential will not be prevented or detected by the Bureau'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 Bureau's internal control.

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* (continued)

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 that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to 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 Bureau's financial statement 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*.

We noted certain matters that we reported to management of the Bureau in a separate letter dated September 1, 2009.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

September 1, 2009

**MEDINA COUNTY CONVENTION AND VISITORS BUREAU
MEDINA COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No <u>Longer Valid</u> ; <u>Explain</u>
2007-01	Material audit adjustments.	Yes	Finding Corrected.



Mary Taylor, CPA
Auditor of State

MEDINA COUNTY CONVENTION AND VISITORS BUREAU

MEDINA 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 19, 2009**