

FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

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

December 31, 1999 and 1998



**Accountants and
Management Consultants**
Grant Thornton LLP
The US Member Firm of
Grant Thornton International

**FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
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STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Directors
Greater Cincinnati Convention and Visitors Bureau

We have reviewed the Independent Auditor's Report of the Greater Cincinnati Convention and Visitors Bureau, Hamilton County, prepared by Grant Thornton, LLP, for the audit period January 1, 1999 through December 31, 1999. 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 is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

JIM PETRO
Auditor of State

April 4, 2000

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, 1999 and 1998, 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 generally accepted auditing standards 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 audit provides 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, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note A-2 to the financial statements, the Organization changed its method of accounting for property, plant and equipment to adopt the provisions of Statement of Financial Accounting Standards No. 93, "Recognition of Depreciation by Not-For-Profit Organizations" in 1998.



Cincinnati, Ohio
March 1, 2000

Greater Cincinnati Convention and Visitors Bureau, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS	1999	1998
Cash and cash equivalents	\$ 804,140	\$ 1,500,639
County Hotel/Motel excise tax receivable	1,128,513	1,071,495
Regional tourism partnership receivable	-	147,299
Publication and advertising receivable	215,610	167,769
Subscriptions receivable	270,946	218,048
General and suppliers' current and prior year subscriptions and sundry advances (less allowance for doubtful accounts of \$5,000 and \$4,330 in 1999 and 1998, respectively)	72,749	49,209
Prepaid expenses	<u>75,304</u>	<u>134,499</u>
TOTAL CURRENT ASSETS	2,567,262	3,288,958
Property, plant and equipment	356,203	300,645
Less accumulated depreciation	<u>188,121</u>	<u>123,295</u>
	<u>168,082</u>	<u>177,350</u>
TOTAL ASSETS	\$ <u>2,735,344</u>	\$ <u>3,466,308</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 625,875	\$ 482,923
Payroll taxes and amounts withheld from employees' compensation	673	65,455
Deferred subscription income	<u>335,357</u>	<u>338,301</u>
Total liabilities	961,905	886,679
Unrestricted net assets	893,553	1,825,632
Board designated net assets	<u>879,886</u>	<u>753,997</u>
Total unrestricted net assets	<u>1,773,439</u>	<u>2,579,629</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>2,735,344</u>	\$ <u>3,466,308</u>

The accompanying notes are an integral part of these statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.

STATEMENT OF CHANGES IN NET ASSETS

For the years ended December 31,

REVENUES	1999	1998
County Hotel/Motel excise tax revenue	\$ 4,859,199	\$ 4,877,018
Income from members' subscriptions	434,179	401,367
Publication and advertising	355,002	364,164
Registration services	58,258	47,050
Member services	919	1,875
In-kind income	-	337,780
Regional Tourism Partnership	32,150	461,156
Interest income	34,810	60,986
Other income	1,512	654
Total revenues	<u>5,776,029</u>	<u>6,552,050</u>
EXPENSES		
Solicitation	2,533,103	2,357,634
Tourism	1,216,933	1,208,466
Visitor information centers	324,648	342,220
Convention sales & services	470,159	497,269
General and administrative	821,149	716,800
Publication and production	365,987	340,869
Public relations	204,771	135,120
Ohio Center for the Arts	100,000	100,000
In-kind expense	-	337,780
Regional Tourism Partnership	194,074	802,877
Research	351,395	210,361
Total expenses	<u>6,582,219</u>	<u>7,049,396</u>
CHANGE IN NET ASSETS	(806,190)	(497,346)
Net assets at beginning of year before adoption of SFAS 93 in 1998	-	2,890,180
Increase in net assets due to adoption of SFAS 93 in 1998	-	186,795
Net assets at beginning of year restated for adoption of SFAS 93 in 1998	<u>2,579,629</u>	<u>3,076,975</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,773,439</u>	<u>\$ 2,579,629</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,

	1999	1998
Cash provided by (used in) operating activities:		
Change in net assets	\$ (806,190)	\$ (497,346)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,006	55,930
Loss from sale of property, plant, and equipment	4,070	-
(Increase) decrease in accounts receivable and advances-net	(33,998)	124,703
(Increase) decrease in prepaid expenses	59,195	(44,808)
Increase in accounts payable	142,952	159,220
Increase (decrease) in payroll taxes and amounts withheld from employees' compensation	(64,782)	64,308
Increase (decrease) in deferred subscription income	<u>(2,944)</u>	<u>36,852</u>
Net cash used in operating activities	(627,691)	(101,141)
Cash provided by (used in) investing activities:		
Purchase of property, plant and equipment	(70,858)	(46,485)
Proceeds from sale of property, plant and equipment	<u>2,050</u>	<u>-</u>
Net cash used in investing activities	<u>(68,808)</u>	<u>(46,485)</u>
Net decrease in cash and cash equivalents	(696,499)	(147,626)
Cash and cash equivalents at beginning of year	<u>1,500,639</u>	<u>1,648,265</u>
Cash and cash equivalents at end of year	<u>\$ 804,140</u>	<u>\$ 1,500,639</u>

The accompanying notes are an integral part of these statements.

Greater Cincinnati Convention and Visitors Bureau, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 1999 and 1998

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

Effective January 1, 1998, the Bureau changed its method of accounting for depreciation in accordance with Statement of Financial Accounting Standards No. 93 "Recognition of Depreciation by Not-For-Profit Organizations", whereby long-lived tangible assets are depreciated. The effect of the adoption at January 1, 1998 was the recording of net assets of \$186,795.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense was \$74,006 and \$55,930 in 1999 and 1998, respectively.

3. Deferred Subscription Income

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

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. The Bureau maintains cash balances in certain accounts at banks which exceed the Federal Deposit Insurance Corporation (FDIC) limits by approximately \$600,800 at December 31, 1999.

Greater Cincinnati Convention and Visitors Bureau, Inc.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1999 and 1998

NOTE D - LEASES

The Bureau has operating leases for office space, furniture and office equipment and vehicles which expire at various dates through 2001. The future minimum rental commitments as of December 31, 1999 for the noncancelable leases are as follows:

2000	\$265,005
2001	58,816
2002	4,698
2003	3,210

Rental expense was \$263,146 and \$267,412 in 1999 and 1998, respectively.

NOTE E - 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 \$166,439 and \$164,644 in 1999 and 1998, respectively.

NOTE F - NET ASSETS

Net assets account for resources over which the Board of Trustees has discretionary control to use in carrying on the operations of the Bureau. A portion of the net assets have been designated for the following:

	1999	1998
Convention Center Expansion legal fee	\$ 79,947	\$ 97,293
Advertising	-	350
Ohio Center for the Arts - Cincinnati	300,000	400,000
Research	228,504	151,983
Cincinnati North (startup)	-	17,146
Sales training	6,310	12,100
Fountain Square Visitor Information Center	200,000	-
Underwriting:		
1999	-	35,000
2000	64,750	-
Future	375	40,125
	<u>\$879,886</u>	<u>\$753,997</u>

Greater Cincinnati Convention and Visitors Bureau, Inc.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 1999 and 1998

NOTE F – NET ASSETS (continued)

During 1993, the Bureau approved a conditional promise to give \$1,000,000 to the Ohio Center for the Arts – Cincinnati to be payable in equal installments of \$100,000 per year for ten years. The Bureau reserved the right to maintain flexibility in this payment schedule if, for any reason, the Bureau's financial situation or revenue base is dramatically altered during any years throughout which this conditional promise to pay is in effect. Each annual payment has to be ratified by the Board. The Bureau approved and paid its seventh installment of \$100,000 in 1999.

NOTE G – 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, 1999 and 1998 are as follows:

	1999	1998
Program services	\$5,761,070	\$6,332,596
General and administrative	<u>821,149</u>	<u>716,800</u>
	<u>\$6,582,219</u>	<u>\$7,049,396</u>

NOTE H – 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 I – REGIONAL TOURISM PARTNERSHIP

The Bureau had an agreement from April 1, 1995 to March 31, 1998 with the City of Cincinnati (the City) to receive a maximum of \$333,400 annually for reimbursement for services and programs rendered through the Regional Tourism Partnership (the Partnership). The contract final billing was due April 30, 1999. The receipt of these funds is conditional based on the Partnership's ability to raise matching contributions equal to varying percentages of the total received from the City. This matching contribution condition was met for 1998. There was no remaining receivable balance at December 31, 1999 and the balance in 1998 \$147,299.

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

Board of Directors
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 December 31, 1999 and for the year then ended, and have issued our report thereon dated March 1, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 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. 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 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.

This report is intended for the information of the board of directors, the Auditor of State of Ohio, Quality Assurance Division, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

March 1, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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**GREATER CINCINNATI CONVENTION AND VISITORS BUREAU
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.

By: *Susan Babbitt*

Date: APRIL 18, 2000