

**SPRINGFIELD AREA
CONVENTION AND VISITORS BUREAU, INC.**

**INDEPENDENT AUDITORS' REPORT
WITH
FINANCIAL STATEMENTS**

YEAR ENDED AUGUST 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Springfield Area Convention & Visitors Bureau, Inc.

We have reviewed the Independent Auditor's Report of the Springfield Area Convention & Visitors Bureau, Inc., Clark County, prepared by Mesarvey, Russell & Co., LLC for the audit period September 1, 2000 through August 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 Springfield Area Convention & Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 3, 2002

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SPRINGFIELD AREA
CONVENTION AND VISITORS BUREAU, INC.

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Mesarvey, Russell & Co., LLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

**Board of Directors
Springfield Area Convention and Visitors Bureau, Inc.
Springfield, Ohio**

We have audited the statement of assets, liabilities and fund balances arising from the cash transactions of the Springfield Area Convention and Visitors Bureau, Inc. as of August 31, 2001, and the related statements of revenues and expenses, changes in fund balances, and changes in cash balances 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 those 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.

As described in Note 1, the Springfield Area Convention and Visitors Bureau, Inc. prepares its financial statements using a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements present fairly in all material respects the assets, liabilities and fund balances arising from the cash transactions of the Springfield Area Convention and Visitors Bureau, Inc. at August 31, 2001, and the revenues and expenses, changes in fund balances, and changes in cash balances for the year then ended in conformity with the basis of accounting described above and in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2001 on our consideration of the Springfield Area Convention and Visitors Bureau, Inc.'s internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, and 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.

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

Mesarvey, Russell & Co., LLC

Limited Liability Company
Independent Certified Public Accountants

October 23, 2001

SPRINGFIELD AREA
CONVENTION AND VISITORS BUREAU, INC.

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES

AUGUST 31, 2001

A S S E T S

GENERAL FUND

Cash	54 273	
Certificates of Deposit	<u>64 808</u>	119 081

GRANT FUND

Cash	43 716	
Due from General Fund	<u>650</u>	44 366

EQUIPMENT FUND

Office equipment and audio visual	35 123	
Leasehold improvements	<u>11 059</u>	
Cost basis	46 182	
Accumulated depreciation	<u>(15 754)</u>	<u>30 428</u>
		<u>193 875</u>

LIABILITIES AND FUND BALANCES

GENERAL FUND

Due to Grant Fund	650	
Fund balance	<u>118 431</u>	119 081

GRANT FUND

Fund balance		44 366
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EQUIPMENT FUND

Fund balance		<u>30 428</u>
		<u>193 875</u>

See accompanying notes.

SPRINGFIELD AREA
CONVENTION AND VISITORS BUREAU, INC.

STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED AUGUST 31, 2001

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total</u>
<u>REVENUES</u>			
City of Springfield accommodations tax	213 504	47 148	260 652
Springfield Township accommodations tax	60 122	13 360	73 482
Interest earned	5 556	12	5 568
Gain on disposition of assets	890	-	890
	<u>280 072</u>	<u>60 520</u>	<u>340 592</u>
<u>ADMINISTRATIVE EXPENSES</u>			
Administrative fees	202 035	-	202 035
Professional fees	1 792	-	1 792
Vehicle lease	3 560	-	3 560
Travel	3 198	-	3 198
Bonus fees	6 000	-	6 000
	<u>216 585</u>	<u>-</u>	<u>216 585</u>
<u>PROGRAM EXPENSES</u>			
Brochures	17 947	-	17 947
Advertising	11 445	-	11 445
Fireworks	500	-	500
Promotions	6 125	-	6 125
Trade shows	12 334	-	12 334
Welcome Cedarville	1 413	-	1 413
Welcome Bags	16	-	16
Regional co-op	2 956	-	2 956
Special convention expenses	1 752	-	1 752
Heritage center	24 196	-	24 196
Antique Program	80	-	80
What's Happening Hotline	702	-	702
Vision 20/20	5 000	-	5 000
Cedarville Athletic	500	-	500
Welcome Wittenberg	359	-	359
Bureau newsletter	203	-	203
Taste of Springfield	742	-	742
Registration Assistance	500	-	500
Bureau meetings	1 072	-	1 072
Info racks	105	-	105
Grants awarded	-	16 804	16 804
	<u>87 947</u>	<u>16 804</u>	<u>104 751</u>
 Total expenses	 <u>304 532</u>	 <u>16 804</u>	 <u>321 336</u>
<u>EXCESS OF REVENUES OVER (EXPENSES),</u>			
Before depreciation	(24 460)	43 716	19 256
 Equipment Fund: Depreciation	 <u>7 600</u>	 <u>-</u>	 <u>7 600</u>
<u>NET EXCESS OF OVER REVENUE (EXPENSES)</u>	<u>(32 060)</u>	<u>43 716</u>	<u>11 656</u>

See accompanying notes.

See accompanying notes.

SPRINGFIELD AREA
CONVENTION AND VISITORS BUREAU, INC.

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED AUGUST 31, 2001

GENERAL FUND

<u>BALANCE</u> , Beginning of year	146 012
Less: Excess of expenses over revenues before depreciation	(24 460)
Less: Net transfer to Equipment Fund	(2 471)
Less: Net transfer to Grant Fund	(<u>650</u>)
<u>BALANCE</u> , End of year	<u>118 431</u>

GRANT FUND

<u>BALANCE</u> , Beginning of year	-
Add: Excess of revenues over expenses	43 716
Add: Additions	<u>650</u>
<u>BALANCE</u> , End of year	<u>44 366</u>

EQUIPMENT FUND

<u>BALANCE</u> , Beginning of year	35 557
Add: Additions	2 471
Deduct: Depreciation	(<u>7 600</u>)
<u>BALANCE</u> , End of year	<u>30 428</u>

See accompanying notes.

SPRINGFIELD AREA
CONVENTION AND VISITORS BUREAU, INC.

STATEMENT OF CHANGES IN CASH BALANCES

YEAR ENDED AUGUST 31, 2001

SOURCES OF CASH

Excess of revenues over expenses	11 656	
Add items not affecting cash:		
Gain on disposal of assets	(890)	
Depreciation	7 600	
Decrease in prepaid expenses	<u>1 250</u>	
Cash used in operations		19 616

USES OF CASH

Purchase of equipment	(6 655)	
Purchase of certificate of deposit	(4 020)	
Proceeds from disposal of equipment	<u>5 072</u>	
Cash used in operations		(<u>5 603</u>)

INCREASE IN CASH

14 013

CASH, Beginning

83 976

CASH, Ending

97 989

GENERAL FUND CASH

54 273

GRANT FUND CASH

43 716

97 989

See accompanying notes.

**SPRINGFIELD AREA
CONVENTION AND VISITORS BUREAU, INC.**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2001

Note 1. Summary of Significant Accounting Policies.

Accounting Method - The Bureau uses the cash basis method of accounting modified to recognize certain accounts receivable and accounts payable. Accounts receivable and accounts payable represent project income and expenses.

Fund Accounting - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Bureau, the accounts are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds restricted by outside sources are so indicated and are distinguished from unrestricted funds designated for specific purposes by action of the Board of Directors. Externally restricted funds may only be utilized in accordance with the purposes established by the sources of such funds and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

Fixed Assets - Fixed assets are accounted for as a separate equipment fund. Additions are added to the fund whereas retirements and depreciation are subtracted from the fund. Fixed assets are depreciated over their estimated useful lives years using the straight line method.

Tax Status - The Springfield Area Convention and Visitors Bureau, Inc. is a non-profit organization and, as such, does not pay federal, state or local income taxes under Section 501 (a) of the Internal Revenue Code.

Cash and Cash Equivalents - For purposes of reporting cash flows, all amounts maintained in the checking account and certificates of deposit with an original maturity of three months or less are considered cash and cash equivalents.

Funding - The Bureau has 4 year contracts with the City of Springfield and Springfield Township requiring the Bureau to promote the city and surrounding area for conventions and tourism. The agreement provides that the city and the township fund the promotion from an accommodation tax based upon budgets submitted by the Bureau. The provisions are so written that the funding is based upon the pro rata share of accommodation tax collections received by each party as compared to total accommodation tax collections received by the city and township. To the extent budgeted funds forwarded by either party to the Bureau exceed the actual tax collections, the Bureau is liable to return such funds. Any monies not expended by the Bureau in a fiscal year shall be held by the Bureau for allocation to the Bureau's expanding programs and special projects subject to reasonable budget approval by the Bureau's Board of Trustees. The existing contracts which expire August 31, 2004 provides for payment to the Convention

and Visitors Bureau to be 55% in total of the 6% accommodation tax collected. The payments are to be allocated between the General Fund (45%) and a new Grant Fund (10%) which will be used to support the promotion of local events and attractions based upon approval of each events grant application for funding.

The agreements with the City and Township provide 98% of the Bureau's revenue. We are unable to determine what impact a change in contract terms and/or renewal options would have on the Bureau at this time.

Note 2. Donated Services.

No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services.

Note 3. Related Party Transactions.

The Bureau operates in conjunction with the Springfield • Clark County Chamber of Commerce. As such, the administrative fee of \$202,035 charged includes the Bureau's proportionate share of salaries, payroll taxes, rent, fees and other administrative costs. The Bureau pays one half of the operating costs of a vehicle owned by the Community Improvement Corporation.

Note 4. Leases.

The Bureau leased a vehicle under a four year lease with an option to purchase at the end of the lease for fair market value. A prepayment of \$5,000 was made and was being amortized over the life of the lease. Lease expense for the year ended August 31, 2001 was \$3,560. The commitment under this lease expired during the year ended August 31, 2001.

Note 5. Concentration of Credit Risk.

The Bureau maintains cash balances with various financial institutions throughout the year in excess of the amount insured by the Federal Depository Insurance Corporation. The financial institutions have strong credit ratings and management believes there is minimal risk concerning these deposits.

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**Board of Directors
Springfield Area Convention and Visitors Bureau, Inc.
Springfield, Ohio**

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the Springfield Area Convention and Visitors Bureau, Inc. (the Bureau) as of and for the year ended August 31, 2001, and have issued our report thereon dated October 23, 2001. 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.

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, regulations, and contracts, 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 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 and use of the management, and is not intended to be and should not be used by anyone other than those specified parties.

Mesarvey, Russell & Co., LLC
Limited Liability Company
Independent Certified Public Accountants

October 23, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SPRINGFIELD AREA CONVENTION AND VISITORS BUREAU, INC.

CLARK 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, 2002**