

Grove City Area Visitors and Convention Bureau

Franklin County, Ohio

Regular Audit

January 1, 2006 through December 31, 2006

Year Audited Under GAGAS: 2006

BALESTRA, HARR & SCHERER, CPAs, INC.

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Mary Taylor, CPA
Auditor of State

Board of Directors
Grove City Area Visitors and Convention Bureau
4052 Broadway
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Grove City Area Visitors and Convention Bureau, Franklin County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2006 through December 31, 2006. 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 Grove City Area Visitors and Convention Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 13, 2007

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Board of Directors
Grove City Area Visitors and Convention Bureau
Grove City, Ohio 43123

We have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis, of Grove City Area Visitors and Convention Bureau (the Bureau), as of December 31, 2006, and the related statements of revenues, expenses and changes in net assets – modified cash basis, and cash flows – modified cash basis, 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 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 A, these financial statements are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Bureau, as of December 31, 2006, and its revenues, expenses, and changes in net assets and cash flows for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2007, 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 should be considered in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.
May 2, 2007

Grove City Area Visitors and Convention Bureau
Statement of Assets, Liabilities, and Net Assets
Modified Cash Basis
As of December 31, 2006

Assets:

Current Assets:	
Cash	\$120,455
Property Assets:	
Property and Equipment	13,355
Leasehold Improvements	3,045
Less: Accumulated Depreciation	<u>(14,294)</u>
Net Property Assets	2,106
Other Assets:	
Deposits	<u>650</u>
Total Assets:	<u><u>\$123,211</u></u>

Liabilities and Net Assets:

Liabilities:	
Accrued Workman's Compensation	<u>\$91</u>
Net Assets:	
Unrestricted Net Assets	<u>123,120</u>
Total Liabilities and Net Assets:	<u><u>\$123,211</u></u>

See accompanying notes to the financial statements.

Grove City Area Visitors and Convention Bureau
Statement of Revenues, Expenses and Changes in Net Assets
Modified Cash Basis
For the Year Ended December 31, 2006

Unrestricted Net Assets:

Revenues:

Bed Tax	\$167,049
Interest	2,779
Other	<u>1,500</u>

Total Revenues: 171,328

Expenses:

Advertising and Promotion	56,394
Professional Fees	5,104
Travel and Meeting Expenses	1,110
Bank Service Charges	161
Computer Internet Service	299
Office Supplies	1,230
Wages	42,820
Payroll Taxes	3,565
Payroll Service Fees	1,229
Postage and Delivery	1,243
Rent	9,000
Repairs and Maintenance	579
Depreciation	258
Utilities	3,553
Telephone	382
Security	375
Insurance	2,402
Dues and Subscriptions	4,665
Miscellaneous Expenses	<u>746</u>

Total Expenses: 135,115

Increase in Unrestricted Net Assets 36,213

Net Assets, Beginning of Year 86,907

Net Assets, End of Year \$123,120

See accompanying notes to the financial statements.

Grove City Area Visitors and Convention Bureau
Statement of Cash Flows
Modified Cash Basis
For the Year Ended December 31, 2006

Cash Flows from Operating Activities:

Cash Received for Bed Tax	\$167,049
Cash Received for Interest Income	2,779
Cash Received from Other Operating Sources	1,500
Cash Payments for Employee Wages and Payroll Taxes	(46,294)
Cash Payments for Other Operating Uses	<u>(88,472)</u>

Cash Flows Provided by Operating Activities 36,562

Cash Flows from Capital and Related Financing Activities:

Acquisition of capital assets	<u>(2,062)</u>
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Cash Flows Used by Capital and Related Financing Activities (2,062)

Net Increase in Cash 34,500

Cash, Beginning of Year 85,955

Cash, End of Year \$120,455

Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities:

Increase in Unrestricted Net Assets \$36,213

Adjustments to reconcile operating loss to net cash used by operating activities:

Depreciation	258
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Increase in Accrued Workman's Compensation 91

Net Cash Provided by Operating Activities \$36,562

See accompanying notes to the financial statements.

Grove City Area Visitors and Convention Bureau

Notes to the Financial Statements

For the Year Ended December 31, 2006

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Grove City Area Visitors and Convention Bureau's financial statements are prepared using the modified cash basis of accounting. Consequently, support and revenues are recognized when received rather than when the transaction occurs. Likewise, expenditures are recognized when paid rather than when the obligations are incurred. Exceptions are made for certain items such as depreciation and payroll taxes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Organization

The Grove City Area Visitors and Convention Bureau (the Bureau) is a nonprofit organization incorporated April 7, 1989. The Bureau's purpose is to promote and publicize the City of Grove City as a desirable location for conventions, trade shows, and similar events in the Grove City Area. The Bureau is managed by a Board of Directors, which represents the Grove City community.

Income Taxes

The Bureau is exempt from income taxes under Section 501 of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with modified cash basis accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B-PROPERTY ASSETS

The fixed assets of the Bureau are recorded at cost. The Bureau capitalizes expenses for improvements greater than \$500. Depreciation is computed using the double declining method over estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Leasehold Improvements	7-15 years
Property and Equipment	5-7 years

NOTE C-CASH

Cash on deposit with the Bureau's banking institution was fully covered by federal depository insurance during the year ended December 31, 2006.

Grove City Area Visitors and Convention Bureau

Notes to the Financial Statements

For the Year Ended December 31, 2006

NOTE D-REVENUE SOURCE

The Bureau's primary funding comes from the proceeds from a local "bed tax." The excise tax is a 3% tax paid by transient guests for lodging within the City of Grove City. Twenty-five percent (25%) of the revenue from the tax levied is contributed to the Bureau. The City of Grove City does not place any restrictions on the funds contributed to the Bureau.

NOTE E-ADVERTISING

The Bureau's policy for advertising is to expense all advertising costs as incurred.

NOTE F-LEASE

The Bureau renewed a lease agreement for office space on July 1, 2005, which expires on June 30, 2008. The renewed lease agreement states that the Bureau is to pay rent of \$750 per month, totaling \$9,000 for 2006. The Bureau's future required minimum lease payments for 2007 is \$9,000.

NOTE G-ADVERTISEMENT MATCHING PROGRAM

The Bureau has been accepted as an Ohio AMP Partner. The Bureau is eligible to receive a rebate of 10% on advertisement approved by the Ohio AMP Partnership sponsored by the Ohio Division of Travel and Tourism.

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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*

Board of Directors
Grove City Area Visitors and Convention Bureau
Grove City, Ohio 43123

We have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis, of Grove City Area Visitors and Convention Bureau (the Bureau) as of December 31, 2006, and the related statements of revenues, expenses and changes in net assets – modified cash basis, and cash flows – modified cash basis, for the year then ended, and have issued our report thereon dated May 2, 2007. 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 presented or detected by the entity's internal control.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors
Grove City Area Visitors and Convention Bureau

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*
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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*.

We noted a certain matter that we reported to management of the Bureau in a separate letter dated May 2, 2007.

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



Balestra, Harr & Scherer, CPAs, Inc.
May 2, 2007



Mary Taylor, CPA
Auditor of State

**GROVE CITY AREA CONVENTION AND VISITORS BUREAU
FRANKLIN 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
JUNE 26, 2007**