MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITOR'S BUREAU, INC.

Audited Financial Statements

December 31, 2007 and 2006

Mary Taylor, CPA
Auditor of State

Board of Directors
Marietta/Washington County
Convention and Visitor's Bureau
Putnam Commons
121 Putnam Street
Marietta, Ohio 45750

We have reviewed the *Independent Auditor's Report* of the Marietta/Washington County Convention and Visitor's Bureau, prepared by Rea & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. 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 Marietta/Washington County Convention and Visitor's Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 6, 2008

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MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITOR'S BUREAU, INC.

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 26, 2008

Board of Directors
Marietta/Washington County Convention and Visitor's Bureau, Inc.
Marietta, OH 45750

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statements of financial position of the Marietta/Washington County Convention and Visitor's Bureau, Inc. (a non-profit organization) (the Bureau) as of December 31, 2007 and 2006, and the related statements of activities and 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 audits in accordance with auditing standards 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 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 the Marietta/Washington County Convention and Visitor's Bureau, Inc. as of December 31, 2007 and 2006 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principals generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated June 26, 2008 on our consideration of the Marietta/Washington County Convention and Visitor's Bureau's internal control over financial reporting and 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.

Rea & Associates, Inc.

MARIETTA/WASHINGTON COUNTY CONVENTION AND VISITOR'S BUREAU, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2007 AND 2006

ASSETS

	2007	2006
CURRENT ASSETS:		
Cash	$ 26,155	$ 11,267
Accounts receivable - other	2,316	9,512
Membership receivable	4,035	943
Total current assets	32,506	21,722
PROPERTY AND EQUIPMENT:		
Building	52,406	52,406
Outdoor sign	1,150	1,150
Office furniture and equipment	31,858	31,858
Computer equipment	13,635	13,635
Silhouettes	6,000	6,000
	105,049	105,049
Less: accumulated depreciation	(54,444)	(48,964)
	50,605	56,085
Total assets	$ 83,111	$ 77,807

LIABILITIES AND NET ASSETS

	2007	2006
CURRENT LIABILITIES:		
Line of credit	$ 27,517	$ 28,077
Capital lease obligations, current portion	2,657	2,446
Accounts payable	26,552	13,774
Accrued payroll and payroll taxes	8,780	6,397
Deferred membership fees	12,733	10,996
Accrued interest payable	166	166
Total current liabilities	78,405	61,856
CAPITAL LEASE OBLIGATIONS, net of current portion	4,423	7,080
Total Liabilities	82,828	68,936
NET ASSETS, unrestricted	283	8,871
Total liabilities and net assets	$ 83,111	$ 77,807

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
REVENUES:		
Bed tax	$ 249,092	$ 248,583
Membership	25,849	27,930
Grant	10,637	11,220
Washington County Commissioners	10,000	10,000
Signage	1,470	2,000
Fundraisers and merchandise sales	18,938	6,136
Total revenues	315,986	305,869
OPERATING EXPENSES:		
Salaries and wages	108,294	99,206
Payroll taxes	7,805	10,733
Depreciation	5,480	8,082
Employee benefits	5,582	5,603
Office supplies and expense	16,933	12,448
Postage	21,926	25,104
Telephone	5,304	5,517
Small equipment and maintenance	16,511	5,645
Automobile	4,124	3,807
Rent	10,115	10,490
Professional fees	4,373	2,937
Subscriptions	0	265
Insurance	4,666	5,027
Advertising	98,849	80,282
Tourist Information Center expenses	3,601	2,819
Shuttle services	3,600	3,255
Travel and entertainment	6,790	6,883
Promotional	1,250	0
Website maintenance	797	1,099
Photography	122	2,245
Conventions and trade shows	6,129	5,812
Exhibit booth	0	2,270
Miscellaneous	697	1,990
Membership meetings	2,980	1,205
Dues and organizations expense	2,898	4,162
Total operating expenses	338,826	306,886
Loss from operations	(22,840)	(1,017)
OTHER INCOME (EXPENSE):		
Interest expense	(3,755)	(5,087)
Interest income	27	68
Miscellaneous	17,980	13,506
Total other income	14,252	8,487
Net (decrease) increase in net assets	(8,588)	7,470
NET ASSETS, beginning of year	8,871	1,401
NET ASSETS, end of year	$ 283	$ 8,871

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) increase in net assets	$ (8,588)	$ 7,470
Adjustments to reconcile increaase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	5,480	8,082
Increase in assets:		
Receivables	4,104	12,597
Increase (decrease) in liabilities:		
Accounts payable	12,778	(16,066)
Accrued liabilities	2,383	(447)
Deferred membership fees	1,737	(2,764)
Net cash provided by operating activities	17,894	8,872
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (payments) proceeds from line of credit	(560)	1,679
Payment of capital lease obligations	(2,446)	(2,020)
Net cash used by financing activities	(3,006)	(341)
Net increase in cash	14,888	8,531
CASH, beginning of year	11,267	2,736
CASH, end of year	$ 26,155	$ 11,267

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting principles and practices of Marietta/Washington County Convention and Visitor's Bureau, Inc. (the Bureau) are set forth to facilitate the understanding of data presented in the financial statements.

Nature of Activities
Marietta/Washington County Convention and Visitor's Bureau, Inc. was organized to enhance and promote the Marietta area as a meeting place for conventions and conferences and as an attraction for tourists.

Method of Accounting
The Bureau prepares its financial statements on the accrual basis of accounting.

Financial Statement Presentation
The Bureau previously adopted Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFA No. 117, the bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the bureau is required to present a statement of cash flows. As permitted by this statement the Bureau has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. At December 31, 2007 and 2006, the Bureau had only unrestricted net assets.

Statements of Cash Flows
For purposes of the statements of cash flows, the Bureau considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

Property and Equipment
Expenditures for property and equipment and for renewals and betterments which extend the originally estimated economic lives of assets are capitalized at cost. Expenditures for maintenance and repairs are charged to expense. Items which are sold, retired or otherwise disposed are removed from the asset accounts, and any gains or losses are reflected in income. Depreciation expense was $5,480 and $8,082, respectively for the years ended December 31, 2007 and 2006.

The estimated useful lives and the depreciation methods are as follows:

Description	Useful Life	Method
Building	39 years	Straight line
Outdoor Signs	10 years	Straight line
Office furniture and equipment	5-7 years	Straight line
Computer equipment	5 years	Straight line
Silhouettes	7 years	Straight line

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Bureau is exempt from Federal income taxes under Internal Revenue Code Section 501(C)(6) and, therefore, has not made any provisions for Federal income taxes.

Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donations

Donations that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues and Expenses as net assets released from restrictions. There are no temporarily or permanent restrictions during year end 2007 and 2006.

Advertising Costs

Advertising costs are charged to operations in the year incurred and totaled $98,849 and $80,282 for 2007 and 2006, respectively.

NOTE 2: RELIANCE ON BED TAX REVENUE

The Bureau receives a significant amount of its support from permissive lodging excise tax. The excise tax is collected by the City of Marietta. The loss of this revenue would have an adverse effect on the Organization's financial condition.

NOTE 3: LEASE OBLIGATIONS

In August of 2004, the Bureau entered into a lease agreement which expired in July of 2007 with monthly lease payments of $874. Rent expense was $10,115 and $10,490 for 2007 and 2006, respectively.

The Bureau entered into an operating lease on a vehicle beginning in December of 2004 and expired December of 2007 with monthly lease payments of $301.

NOTES TO FINANCIAL STATEMENTS

NOTE 4: SHORT-TERM DEBT

Revolving line of credit payable to Bank One, uncollateralized, with monthly payments of accrued interest or $100, whichever is greater. The rate is based on the bank's prime rate plus .75%, currently at 9.00%. The Bureau has a total borrowing capacity of $30,000 on this line of credit.

	2007	2006
Balance due, December 31,	$27,517	$28,077

NOTE 5: CAPITAL LEASE OBLIGATIONS

The Bureau leases a copy machine in June 2005 under capital lease terms. The capitalized cost of the equipment is $12,833. Monthly lease payments are $262 for 60 months with imputed interest of 8.325%. Amortization is expensed over the useful life of the asset and is included in amounts reported as depreciation.

Future minimum lease payments are as follows:

Year ending December 31,	2008	$ 3,147
	2009	3,147
	2010	1,573
	Total	$ 7,867

Total minimum lease payments	$ 7,867
Less: imputed interest	787
Capital lease obligation	$ 7,080

Current portion	$ 2,657
Long-term portion	4,423
	$ 7,080

June 26, 2008

Board of Directors
Marietta/Washington County Convention and Visitor's Bureau, Inc.
121 Putnam Street, Suite 110
Marietta, Ohio 45750

INDEPENDENT AUDITOR'S 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

We have audited the financial statements of the Marietta/Washington County Convention & Visitor's Bureau, Inc. (a non-profit organization) (the Bureau) as of and for the years ended December 31, 2007 and 2006, and have issued our report in accordance with auditing standards generally accepted in the United States of America 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 audits, we considered Marietta/Washington County Convention & Visitor's Bureau 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 Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. We consider the following to be significant deficiencies:

Financial Statement Preparation

The Organization, due to its size and available resources, does not currently have management or employees who possess the all the necessary skills and knowledge to apply generally accepted accounting principles in preparing its financial statements accurately. The original trial balance required several adjustments which are included in the audited financial statements.

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 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. However, we considered the deficiency in internal control described above to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marietta/Washington County Convention and Visitor's Bureau, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 audits, 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 Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Client's Response

Client elected to not respond to GAGAS letter comments.

Rea & Associates, Inc.

Mary Taylor, CPA
Auditor of State

MARIETTA/WASHINGTON CONVENTION AND VISITORS BUREAU

WASHINGTON 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 16, 2008