

**NEWAYGO COUNTY CONVENTION
AND VISITORS BUREAU**

FINANCIAL STATEMENTS

December 31, 2010 and 2009

BOARD OFFICERS

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President

Roman Miller (acting President)

Vice-President

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COMPANIES

COMPREHENSIVE BUSINESS SOLUTIONS

Board of Directors
Newaygo County Convention & Visitors Bureau
4684 Evergreen Drive
Newaygo, MI 49337

Independent Auditors' Report

We have audited the accompanying statements of financial position of the Newaygo County Convention and Visitors Bureau (a nonprofit organization) as of December 31, 2010, and 2009 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Newaygo County Convention and Visitors Bureau. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

No accounting controls are exercised to verify that assessments collected from members are based upon actual receipts. Our audit tests the reasonableness of the assessment income via analytical testing, but do not provide assurance that members have not falsified the receipts and therefore their assessment payments. Accordingly, it was not practicable for us to extend our audits of such receipts beyond the amounts recorded.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the collections of cash contributions referred to in the preceding paragraph been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the financial position of the Newaygo County Convention and Visitors Bureau as of December 31, 2010 and 2009 and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

H&S Companies, P.C.

H&S Companies, P.C.
Certified Public Accountants
9/28/2011



NEWAYGO COUNTY CONVENTION AND VISITORS BUREAU

Statements of Financial Position
December 31, 2010 and 2009

Assets

	<u>12/31/2010</u>	<u>12/31/2009</u>
Current Assets		
Cash	\$ 11,309	\$ 20,974
Accounts Receivable	2,938	2,946
Total Current Assets	<u>14,247</u>	<u>23,920</u>
Land, Building & Equipment		
Equipment	6,169	6,169
Building	2,000	2,000
Total Land, Building & Equipment	<u>8,169</u>	<u>8,169</u>
Less Accumulated Depreciation	<u>(2,998)</u>	<u>(1,714)</u>
Net Book Value of Land, Building & Equipment	<u>5,171</u>	<u>6,455</u>
Total Assets	<u>\$ 19,418</u>	<u>\$ 30,375</u>

Liabilities & Net Assets

Accounts Payable	<u>\$ 99</u>	<u>\$ 524</u>
Total Current Liabilities	99	524
Net Assets - Unrestricted	<u>19,319</u>	<u>29,851</u>
Total Liabilities & Net Assets	<u>\$ 19,418</u>	<u>\$ 30,375</u>

The notes to the financial statement are an integral part of this statement.

NEWAYGO COUNTY CONVENTION AND VISITORS BUREAU

Statements of Activities For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
Support & Revenue		
Assessments	\$ 21,356	\$ 36,515
Dues	1,575	2,375
Events	-	4,596
In-Kind Donations	-	283
Other Revenue	-	500
Total Unrestricted Support & Revenue	22,931	44,269
Expenses		
Program Expenses		
Advertising	12,071	12,366
Printing & Publishing	2,853	4,517
Conferences	126	849
Donations	-	450
Total Program Expenses	15,050	18,182
Management & General		
Accounting & Legal	8,428	2,953
Dues & Subscriptions	2,990	2,730
Casual Labor	985	750
Postage	1,420	1,587
Utilities	413	1,140
Meals	717	709
Insurance	1,283	1,768
Office Expense	641	835
Miscellaneous	252	242
Bad Debt Expense	-	17,893
Depreciation	1,284	1,234
Total Management & General Expenses	18,413	31,841
Total Expenses	33,463	50,023
Increase (Decrease) in Unrestricted Net Assets	(10,532)	(5,754)
Net Assets - January 1	29,851	35,605
Net Assets - December 31	\$ 19,319	\$ 29,851

The notes to the financial statement are an integral part of this statement.

NEWAYGO COUNTY CONVENTION AND VISITORS BUREAU

Statements of Cash Flows For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ (10,532)	\$ (5,754)
Adjustments to Reconcile the Increase in Assets to Net Cash Flows from Operating Activities		-
Depreciation Expense	1,284	1,234
(Increase) Decrease in Accounts Receivable	8	4,510
Increase (Decrease) in Accounts Payable	<u>(425)</u>	<u>(5,194)</u>
Cash Flows Provided by Operating Activities	(9,665)	(5,204)
Cash Flows from Investing Activities		
Purchase of Property & Equipment	<u>-</u>	<u>(2,962)</u>
Cash Flows Used by Investing Activities	-	(2,962)
Net (Decrease) in Cash	(9,665)	(8,166)
Cash Balance - January 1	<u>20,974</u>	<u>29,140</u>
Cash Balance - December 31	<u>\$ 11,309</u>	<u>\$ 20,974</u>

The notes to the financial statement are an integral part of this statement.

NEWAYGO COUNTY CONVENTION AND VISITORS BUREAU

Notes to the Financial Statement
December 31, 2010 and 2009

NOTE A DESCRIPTION OF AGENCY

The Newaygo County Convention and Visitors Bureau is incorporated under the laws of the State of Michigan under the specific provisions of Public Act 59 of 1984, the Community Convention or Tourism Marketing Act. The Bureau is a civic organization with the purpose of promoting convention, trade show, meeting and tourism business in Newaygo County and extending assistance and specific services to such business to aid the success of their activity and well-being.

Any company, firm, corporation or individual interested in the general purpose of the Bureau representing a business subject to or agreeing to the assessment under Public Act 59 of 1984 or a non-lodging business shall be eligible for membership. Membership shall be granted by the Board of Directors. The major source of revenue for the Organization comes from a monthly assessment fee of 2% of the monthly rental revenue from member organizations.

The Newaygo County Convention and Visitors Bureau is a non-profit corporation exempt from income tax under Section 501 (C)(6) of the U.S. Internal Revenue Code. The organization files IRS Form 990 - EZ under Federal ID #30-0429743.

NOTE B SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117 Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Newaygo County Convention and Visitors 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.

Basis of Accounting - The financial statements of the Newaygo County Convention & Visitors Bureau have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Advertising - The Organization expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2010 was \$12,071 and December 31, 2009 was \$12,366.

Cash & Cash Equivalents - Cash and cash equivalents consist of short-term highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. Cash held by the Organization totals approximately \$11,309 at December 31, 2010 and \$20,974 at December 31, 2009. All amounts were fully covered by federal depository insurance (FDIC).

Notes to the Financial Statements (Continued)

Prepaid Expenses - Expenses that are paid in advance of the applicable year are recorded as prepaid expenses and later expensed in the proper year.

Property & Equipment - Fixed assets are stated at cost, if purchased, or at fair market value at date of donation, if acquired by donation. For financial reporting and tax purposes, depreciation is computed by the straight-line depreciation method over the estimated useful life of the assets.

Gifts In Kind - The Newaygo County Convention and Visitor's Bureau records donations of non-cash items at their estimated fair market value at the time of donation.

NOTE C ACCOUNTS RECEIVABLE

Hotelier Assessment Receivable	\$ 2,938
Less allowance for doubtful accounts	-
Total Net Receivables	<u>\$ 2,938</u>

Accounts receivables are reported at their estimated net realizable value. Collection losses have historically been immaterial; however in 2009, based on a review of material balances outstanding, management decided to write off the balance due from an entity that is experiencing financial difficulties after it exhausted all reasonable collection efforts and concluded that additional collection efforts were not cost justified.

Bad debts expense for the year ended December 31, 2010 was \$0 and \$17,893 for December 31, 2009.

NOTE D PROGRAM EXPENSES

The Newaygo County Convention and Visitors Bureau's sole program consists of advertising and promoting the area's tourism locations. Therefore, all expenses other than advertising are management or administrative expenses.

NOTE E CASH FLOW INFORMATION

For the purposes of the Statement of Cash Flows, Newaygo County Convention and Visitors Bureau considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There was no cash paid for interest or taxes for the year ended December 31, 2010 and December 31, 2009.

NOTE F IN-KIND DONATIONS

In December 2006 the Fremont Area Community Foundation awarded a grant to the Newaygo County Economic Development Office for marketing and promotion of Newaygo County through the Convention and Visitor's Bureau. These funds were spent by NCEDO for the visitor's bureau and have been recorded as in-kind donations. In-Kind donations for December 31, 2010 was \$0 and \$283 for December 31, 2009.

NOTE G CONCENTRATIONS

At this time, the visitor's bureau collects funds from only five hoteliers. Of these five, the assessments from two members represented approximately eighty percent of the revenues for 2010 and 2009.

Notes to the Financial Statements (Continued)

NOTE H PROPERTY & EQUIPMENT

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Depreciation expense for 2010 was \$1,284 and \$1,234 for 2009.

NOTE I SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 10, 2011, the date the financial statements were available to be issued.