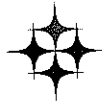


BOYNE COUNTRY CONVENTION AND  
VISITORS BUREAU, INC.  
D/B/A PETOSKEY AREA VISITORS BUREAU  
(a Michigan nonprofit corporation)

FINANCIAL STATEMENTS  
for the years ended September 30, 2011 and 2010



# RASMUSSEN, TELLER, O'NEIL & CHRISTMAN

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

November 11, 2011

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

Boyne Country Convention and Visitors Bureau, Inc. -  
D/B/A Petoskey Area Visitors Bureau:

We have audited the accompanying statements of assets, liabilities and net assets - modified cash basis of Boyne Country Convention and Visitors Bureau, Inc. as of September 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets - modified cash basis 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 generally accepted in the United States of America. 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.

As described in Note B, these financial statements were prepared on the 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 Boyne Country Convention and Visitors Bureau, Inc. as of September 30, 2011 and 2010, and its revenues, expenses, and the changes in its net assets for the years then ended, on the basis of accounting described in Note B.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses - modified cash basis - on pages 7 and 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to

Board of Directors  
November 11, 2011

the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Rasmussen, Teller, O'Neil & Christman, P.C.*

BOYNE COUNTRY CONVENTION & VISITORS BUREAU, INC.  
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS  
 September 30, 2011 and 2010

ASSETS

	2011	2010
CURRENT ASSET, Cash	\$ 131,586	\$ 121,348
PROPERTY AND EQUIPMENT:		
Furniture and equipment	13,559	17,872
Leasehold improvements	23,743	13,366
	37,302	31,238
Less accumulated depreciation	20,400	26,346
Total property and equipment	16,902	4,892
Total assets	\$ 148,488	\$ 126,240

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Withheld payroll taxes	\$ 4,137	\$ 2,768
Due to Petoskey Regional Chamber of Commerce	8,542	-
Total current liabilities	12,679	2,768
NET ASSETS, Unrestricted	135,809	123,472
Total liabilities and net assets	\$ 148,488	\$ 126,240

The accompanying notes are a part of the financial statements.

BOYNE COUNTRY CONVENTION & VISITORS BUREAU, INC.  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
 MODIFIED CASH BASIS  
 for the years ended September 30, 2011 and 2010

	Unrestricted	
	2011	2010
REVENUES:		
Member assessments	\$ 834,680	\$ 701,890
Interest income	573	777
Total revenues	835,253	702,667
EXPENSES:		
Program services, marketing	714,949	686,861
Support services, General and administrative	107,967	105,920
Total expenses	822,916	792,781
Increase (decrease) in net assets	12,337	(90,114)
NET ASSETS, Beginning of year	123,472	213,586
NET ASSETS, End of year	\$ 135,809	\$ 123,472

The accompanying notes are a part of the financial statements.

BOYNE COUNTRY CONVENTION AND VISITORS BUREAU, INC.  
NOTES TO FINANCIAL STATEMENTS  
for the years ended September 30, 2011 and 2010

NOTE A - NATURE OF ORGANIZATION:

The Boyne Country Convention and Visitors Bureau, Inc. (the Bureau) was organized in 1986 under Michigan Public Act No. 59 of 1984 (as amended by Senate Bill No. 1515 in 2010) to promote convention business and tourism in the Assessment District. The Assessment District encompasses the Cities of Boyne City, Harbor Springs and Petoskey, Village of Boyne Falls, and the Townships of Bay, Bear Creek, Boyne Valley, Evangeline, Little Traverse, Melrose, Pleasantview, Resort, and West Traverse. The Bureau collects a fee based on two percent of aggregate room charges from each transient lodging facility with ten or more rooms located within the Assessment District.

Revenue from assessments is used for advertising and related expenses associated with promoting the Assessment District and for operating expenses.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The Bureau is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Bureau has only unrestricted net assets.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. Under this basis of accounting, revenues and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in accordance with generally accepted accounting principles.

Property and Equipment and Depreciation

Property and equipment are stated at cost. Major improvements are capitalized while ordinary maintenance and repairs are expensed. Depreciation is provided on the straight-line basis over estimated useful lives between 3 and 10 years. Depreciation expense was \$2,532 and \$1,256 for the years ended September 30, 2011 and 2010, respectively.

Advertising Costs

The Bureau expenses advertising costs when they are paid. Advertising expenses paid amounted to approximately \$503,000 and \$468,000 for the years ended September 30, 2011 and 2010, respectively.

Due to Petoskey Regional Chamber of Commerce

The Bureau leases office space from the Petoskey Regional Chamber of Commerce (the Chamber). The Bureau owes the Chamber \$8,542 at September 30, 2011 for their share of building improvements that were made by the Chamber. The total share of the Bureau's expense was \$14,542 of which \$6,000 was paid to the Chamber during the year ended September 30, 2011.

BOYNE COUNTRY CONVENTION AND VISITORS BUREAU, INC.  
NOTES TO FINANCIAL STATEMENTS  
for the years ended September 30, 2011 and 2010

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Functional Allocation of Expenses

The costs of providing various programs and support services have been summarized on a functional basis in the statements of revenues, expenses and changes in net assets - modified cash basis. Accordingly, certain costs have been allocated between the marketing and general and administrative categories.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE C - CREDIT RISK:

The Bureau maintains its cash balances in one financial institution and a brokerage money market account. The balances are insured by the Federal Deposit Insurance Corporation for up to \$250,000 and the Securities Investor Protection Corporation up to \$100,000 for each organization. The Bureau has no uninsured cash balances at September 30, 2011 and 2010.

NOTE D - OFFICE LEASE:

The Bureau's lease with the Chamber is in effect through December 31, 2016 at an annual rent of \$1 per year plus its share of the expenses, which include utilities, insurance, property taxes and repair and maintenance.

NOTE E - INCOME TAX STATUS:

The Internal Revenue Service has determined the Bureau to be exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. Accordingly, the financial statements reflect no provision or liability for federal income tax.

NOTE F - SUBSEQUENT EVENTS:

In preparing these financial statements, the Bureau has evaluated events and transactions for potential recognition or disclosure through November 1, 2011 the date the financial statements were available to be issued.

BOYNE COUNTRY CONVENTION & VISITORS BUREAU, INC.  
SCHEDULE OF EXPENSES - MODIFIED CASH BASIS  
for the year ended September 30, 2011  
(with comparative totals for the year ended September 30, 2010)

	2011		
	Marketing		
	Convention and Group Sales	Commercial and Visitor	Total
Advertising agency expense	\$ 39,000	\$ 42,243	\$ 81,243
Brochures and collateral	1,300	121,238	122,538
Newspaper and magazine advertising	10,009	139,876	149,885
Brochure distribution	-	8,813	8,813
Event underwriting	-	23,600	23,600
Film and development	-	165	165
Seminars and meetings	-	9,935	9,935
Marketing partnerships	-	-	-
Television and video advertising	-	65,451	65,451
Radio advertising	-	35,597	35,597
Directory advertising	1,275	6,598	7,873
Outdoor advertising	-	40,413	40,413
Familiarization tours	-	851	851
Internet expenses	700	42,606	43,306
Postage and shipping	4,813	27,218	32,031
Telephone	931	1,015	1,946
Public relations	-	2,344	2,344
Travel and entertainment	-	2,986	2,986
Dues and subscriptions	2,550	4,060	6,610
Salaries	29,294	29,294	58,588
Payroll taxes	2,287	2,287	4,574
Employee benefits	8,100	8,100	16,200
Contract labor	-	-	-
Rent	-	-	-
Accounting fees	-	-	-
Legal fees	-	-	-
Office supplies	-	-	-
Computer expenses	-	-	-
Bank fees	-	-	-
Insurance	-	-	-
Repairs and maintenance	-	-	-
Utilities	-	-	-
Depreciation	-	-	-
Taxes and licenses	-	-	-
Membership and board meetings	-	-	-
Total expenses	<u>\$ 100,259</u>	<u>\$ 614,690</u>	<u>\$ 714,949</u>

2011		2010	
General and Administrative	Total	Total	
\$ -	\$ 81,243	\$ 77,484	
-	122,538	139,403	
-	149,885	159,488	
-	8,813	8,915	
-	23,600	22,700	
-	165	30	
10	9,945	8,706	
-	-	10,000	
-	65,451	6,813	
-	35,597	26,608	
-	7,873	7,873	
-	40,413	40,779	
-	851	3,195	
-	43,306	47,959	
1,162	33,193	38,345	
931	2,877	2,820	
127	2,471	2,957	
22	3,008	1,400	
500	7,110	4,820	
58,588	117,176	117,532	
4,574	9,148	9,215	
16,200	32,400	30,708	
-	-	700	
1	1	1	
7,912	7,912	7,635	
1,855	1,855	2,030	
3,375	3,375	2,097	
779	779	608	
4	4	46	
3,179	3,179	3,304	
2,228	2,228	3,508	
2,411	2,411	1,932	
2,532	2,532	1,256	
20	20	20	
1,557	1,557	1,894	
<u>\$ 107,967</u>	<u>\$ 822,916</u>	<u>\$ 792,781</u>	