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**BATON ROUGE AREA CONVENTION AND
VISITORS BUREAU, INC.**

FINANCIAL STATEMENTS

JUNE 30, 1996

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10/17/96
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Under provisions of state law, this report is a public document. A copy of this report has been submitted to the Auditor, or authorized officials, and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 11 1997



BATCH HOUSE AREA CONVENTION AND
VISITORS BUREAU, INC.

FINANCIAL STATEMENTS

June 30, 1996



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Postlethwaite & Netteville

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Baton Rouge Area Convention and Visitors Bureau, Inc.
Baton Rouge, Louisiana

We have audited the accompanying balance sheet of Baton Rouge Area Convention and Visitors Bureau, Inc. as of June 30, 1996, and the related statement of revenue, expense and changes in fund balances, and statement of cash flows for the six months 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 generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 our audit provides 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 Baton Rouge Area Convention and Visitors Bureau, Inc. as of June 30, 1996, and the results of its operations and its cash flows for the six months then ended in conformity with generally accepted accounting principles.

The supplementary schedule of general and administrative expenses on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Postlethwaite & Netteville

Baton Rouge, LA
September 11, 1996

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU, INC.

BALANCE SHEETS
JUNE 30, 1996

ASSETS

	<u>1996</u>
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	\$ 342,871
Taxes receivable	342,494
Accounts receivable (net of allowance of \$2,670)	20,134
Prepaid expenses	<u>15,059</u>
Total current assets	<u>620,558</u>
<u>PROPERTY, PLANT AND EQUIPMENT</u>	
Equipment	106,781
Leasehold improvements	<u>48,148</u>
	154,929
Less accumulated depreciation	<u>(108,934)</u>
	45,995
Total assets	<u>\$ 666,553</u>

LIABILITIES AND FUND BALANCE

<u>CURRENT LIABILITIES</u>	
Accounts payable	\$ 181,635
Accrued compensation and retirement	<u>61,834</u>
Total current liabilities	<u>243,469</u>
<u>FUND BALANCE</u>	<u>423,084</u>
Total liabilities and fund balance	<u>\$ 666,553</u>

The accompanying notes are an integral part of these statements.

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU, INC.

**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
SIX MONTHS ENDED JUNE 30, 1998**

	<u>1998</u>
REVENUE	
Revenue under contract with Commission	\$ 894,318
Membership dues	108,271
Advertising and promotion	7,259
Events hosting	88,978
Miscellaneous income	<u>11,251</u>
Total revenue	<u>1,108,968</u>
 EXPENSES	
Salaries and commissions	346,032
Payroll taxes and benefits	86,570
Advertising and promotion	183,457
FAM-ite visits	4,314
Trade shows	13,993
Events hosting	82,910
General and administrative	296,479
Contributions to Baton Rouge Area Sports Foundation	<u>81,822</u>
Total expenses	979,528
Revenue in excess (deficit) of expenses	<u>127,948</u>
Fund Balance, beginning of year	<u>178,378</u>
Fund Balance, end of year	<u>\$ 306,326</u>

The accompanying notes are an integral part of these statements.



BATON ROUGE AREA CONVENTION AND VISITORS BUREAU, INC.

STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 1996

	<u>1996</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Revenue in excess (deficit) of expenses	\$ 121,948
Adjustments to reconcile revenue in excess (deficit) of expenses to net cash provided by operating activities:	
Depreciation	5,808
Changes in operating assets and liabilities:	
Taxes receivable	(88,442)
Accounts receivable	(3,892)
Prepaid expenses	(11,512)
Accounts payable	48,277
Deferred revenue	(41,281)
Accrued liabilities	<u>8,342</u>
Net cash provided by/(used in) operating activities	<u>33,375</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(35,687)
Net cash used in investing activities	<u>(35,687)</u>
Net increase (decrease) in cash	- 2,312
Cash, beginning of year	<u>126,183</u>
Cash, end of year	<u>\$ 123,871</u>

The accompanying notes are an integral part of these statements.



BAYON ROUGE AREA CONVENTION AND VISITORS BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS

I. SIGNIFICANT ACCOUNTING POLICIES

Business Operations

The Baton Rouge Area Convention and Visitor's Bureau, Inc. (the "Bureau") is a nonprofit entity established to promote travel and tourism in the Baton Rouge area. Additionally, the Bureau is responsible for arranging conventions to Baton Rouge. Area businesses are members of the Bureau and benefit indirectly from various promotions.

Contract Between the Commission and the Bureau

The Bureau was established on January 1, 1993 through a contract entered into with Baton Rouge Convention and Visitors Commission ("the Commission"). The effect of the contract is that all business is conducted by the Bureau with the Commission having oversight authority. The contract expires as of June 30, 1996.

Cash and Cash Equivalents

Cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Allowance for Uncollectible Accounts

Allowance for uncollectible accounts is established based on prior experience and management's assessment of collectability.

Property, Plant and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives which range from 3 to 10 years.

Revenue Recognition

The Commission is a part of the City of Baton Rouge and Parish of East Baton Rouge. The Commission collects a hotel-motel tax and remits the tax less collection fees to the Bureau. Revenue is recognized in the period relating to the hotel-motel sales tax report.

Revenue received for future dues or events is deferred to the applicable year.

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Status

The Bureau is exempt from Federal income taxes under Section 501(c)(30) of the Internal Revenue Code.

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. Accordingly, actual results could differ from these estimates.

Accounting Pronouncements Issued But Not Yet Adopted

The Financial Accounting Standards Board issued Financial Accounting Standard No. 116 (SFAS 116), "Accounting for Contributions Received and Contributions Made", which establishes standards for recognizing expiations of restrictions on contributions received and for accounting the collection of works of art, historical treasures, and similar assets acquired by contribution. The effective date of this pronouncement for organizations with less than \$5 million in assets and \$1 million in expenses is the fiscal year beginning after December 15, 1995, with earlier application encouraged. The adoption of SFAS 116 is not expected to have a significant impact on the Bureau's financial statements.

The Financial Accounting Standards Board also issued Financial Accounting Standard No. 117 (SFAS 117), "Financial Statements of Not-For-Profit Organizations". The objective of this pronouncement is to enhance the relevance, understandability, and comparability of financial statements issued by not-for-profit organizations. This SFAS will require items to be classified based on the existence or absence of donor-imposed restrictions. The effective date for SFAS 117 for organizations with less than \$5 million in assets and \$1 million in expenses is the fiscal year beginning after December 15, 1995, with earlier application encouraged.

2. LEASE COMMITMENT

The Bureau leases its office building under an operating lease which expires in August, 1998. At the end of the lease term, the Bureau has the right of first refusal to renew the lease. Rent expense for the six months ending June 30, 1996 was \$25,680.

Future minimum lease payments for the above lease are as follows:

Date	Office Lease
June 30, 1997	\$ 31,680
June 30, 1998	31,680
June 30, 1999	8,680

BATON ROUGE AREA CONVENTION AND VISITORS BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS

3. BOARD MEMBER COMPENSATION

The Board Members of the Bureau did not receive any compensation during 1996.

4. RELATED PARTY TRANSACTIONS

The Bureau periodically receives complimentary airline tickets, lodging, and meals from its members. These items are used primarily to bring vacation and convention planners to Baton Rouge in an effort to attract large tour groups. The Bureau does not record these transactions which are estimated to exceed \$17,000 as of June 30, 1996.

The Bureau contributed \$61,825 to an organization related through common oversight authority during 1996. These contributions were at the direction of the Commission.

The Bureau provided office space to an organization related through common oversight authority during 1996. This office space was provided free of charge to the related organization.

5. CONCENTRATION OF CREDIT RISK

At June 30, 1996 the Bureau had cash in banks in excess of federal insurance limits of approximately \$104,471. Management believes that the credit risk related to these deposits is minimal.

6. SUBSEQUENT EVENT

As of July 1, 1996, the Baton Rouge Area Convention and Visitors Bureau, Inc. has ceased to exist. All business is now conducted under the leadership of the Baton Rouge Area Convention and Visitors Commission. All memberships of the Bureau are expired as of June 30, 1996.

SUPPLEMENTARY INFORMATION



RATON ENGINEERING CONVENTION AND VISITORS BUREAU, INC.

GENERAL AND ADMINISTRATIVE EXPENSES
YEARS ENDED JUNE 30, 1966

	<u>1966</u>
Travel and entertainment	\$ 24,407
Local meetings and travel	17,198
Postage	25,648
Telephone	14,714
Occupancy	30,486
Equipment rental	17,190
General insurance	13,631
Professional fees	93,790
Depreciation	5,000
Supplies and office expense	19,749
Books and subscriptions	6,120
Repairs and maintenance	3,094
Education and training	2,783
Research	<u>3,718</u>
	<u>\$ 726,429</u>



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS

To the Board of Directors
Baton Rouge Area Convention and Visitors Bureau, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Baton Rouge Area Convention and Visitors Bureau, Inc. (the Bureau) as of and for the six months ended June 30, 1996 and have issued our report thereon dated September 11, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of the Bureau is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Bureau for the six months ended June 30, 1996, we obtained an understanding of the design of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Baton Rouge Area Convention and Visitors Bureau, Inc., Board of Directors, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Postlethwaite & Natterville

Baton Rouge, Louisiana
September 11, 1990



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Baton Rouge Area Convention and Visitors Bureau, Inc.

We have audited the financial statements of Baton Rouge Area Convention and Visitors Bureau, Inc. (the Bureau) as of and for the six months ended June 30, 1996, and have issued our report thereon dated September 11, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to Baton Rouge Area Convention and Visitors Bureau, Inc. is the responsibility of Baton Rouge Area Convention and Visitors Bureau, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Baton Rouge Area Convention and Visitors Bureau, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of the Baton Rouge Area Convention and Visitors Bureau, Inc. Board of Directors, management, and Legislative Auditors of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Pastkhawite & Notterville

Baton Rouge, Louisiana
September 11, 1996