

**MISSOURI ASSOCIATION OF
CONVENTION & VISITOR BUREAUS
FINANCIAL STATEMENTS
June 30, 2004**

WILLIAM WHITE, CPA

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To the Board of Directors
and Marcia Bennett
of Missouri Association of Convention
and Visitor Bureaus

In planning and performing our audit of the financial statements of Missouri Association of Convention and Visitor Bureaus for the year ended June 30, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect Missouri Association of Convention and Visitor Bureaus' ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Current Year Comments

Segregation of Duties

The accounting and record keeping functions of the Bureau are concentrated in the executive director. The size of the Bureau's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. Some of the benefits of separation of duties can be obtained through active review by the Director and Board.

We recommend that the Board of Directors continue to regularly review the financial records of the Bureau including monthly financial statements, supporting documents with disbursements and bank reconciliations.

Timely Reconciliation of Accounts

The bank account in the computer for June 30, 2004 was not reconciled with the bank statement. Timely reconciliation of all bank accounts provide an internal control to check the accuracy of the accounting records.

We recommend that reconciliation of all bank accounts be completed soon after the end of every month.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the 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.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. None of the reportable conditions described above is believed to be a material weakness.

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.

A handwritten signature in black ink, appearing to read 'William White', is positioned above the typed name.

William White, CPA
February 17, 2005

WILLIAM WHITE, CPA

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February 17, 2005

To the Board of Directors
Missouri Association of Convention and Visitor Bureaus

We have audited the financial statements of Missouri Association of Convention and Visitor Bureaus for the year ended June 30, 2004, and have issued our report thereon dated February 17, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 6, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Missouri Association of Convention and Visitor Bureaus. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Missouri Association of Convention and Visitor Bureaus are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending 6/30/2004. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Organization's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Organization, either individually or in the aggregate, indicate matters that could have a significant effect on the Organization's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Board of Directors, and management of Missouri Association of Convention and Visitor Bureaus and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



William White, CPA

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Missouri Association of Convention & Visitor Bureaus
Missouri

We have audited the accompanying statement of assets, liabilities, and net assets - modified cash basis of the Missouri Association of Convention and Visitor Bureaus (a nonprofit organization) as of June 30, 2004, and the related statements of support, revenue, and expenses - modified cash basis and statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization'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. 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 1, these financial statements were prepared on the modified cash basis of accounting, including only prepaid expenses and no accrual for accounts receivable, accounts payables, or deferred revenue. This 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 Missouri Association of Convention and Visitor Bureaus, as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



William White, CPA
Certified Public Accountants
St. Joseph, Missouri
February 17, 2005

MISSOURI ASSOCIATION OF CONVENTION & VISITOR BUREAUS
STATEMENT OF ASSETS, LIABILITIES,
AND NET ASSETS - MODIFIED CASH BASIS
As of June 30, 2004

ASSETS	
Cash and Cash Equivalents	\$ 58,216
Investments- Certificates of Deposit	23,381
Prepaid Expenses	<u>3,125</u>
TOTAL ASSETS	<u>\$ 84,722</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
None	\$ -
Total Liabilities	<u>-</u>
NET ASSETS	
Unrestricted	84,722
Temporarily Restricted	-
Permanently Restricted	<u>-</u>
Total Net Assets	<u>84,722</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 84,722</u>

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

MISSOURI ASSOCIATION OF CONVENTION & VISITOR BUREAUS
STATEMENT OF SUPPORT, REVENUE, AND
EXPENSES - MODIFIED CASH BASIS
For the Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Membership dues	\$ 21,000	\$ -	\$ -	\$ 21,000
Allied Member Dues	6,000	-	-	6,000
Annual Meeting Registration	3,480	-	-	3,480
Annual Meeting Sponsorship	7,500	-	-	7,500
Interest Income	656	2	-	658
Pow Wow Sponsorship	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total Revenues, Gains or Other Support	<u>\$ 41,636</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 41,638</u>
EXPENSES AND LOSSES				
Printing/Reproduction	601	-	-	601
Bank Charges	34	43	-	77
Annual Meeting	6,091	-	-	6,091
Public Relations - Jefferson City	621	994	-	1,615
Postage & Delivery	137	-	-	137
Office Expense	390	-	-	390
Administrative Fee	12,500	-	-	12,500
CDME Scholarship	1,250	-	-	1,250
Scholarship	1,250	-	-	1,250
Legal and Professional Fees	432	-	-	432
License Fees	15	-	-	15
Meeting Expenses(Board Meetings)	821	-	-	821
Web Site	<u>2,133</u>	<u>-</u>	<u>-</u>	<u>2,133</u>
Total Expenses	<u>\$ 26,275</u>	<u>\$ 1,037</u>	<u>\$ -</u>	<u>\$ 27,312</u>
CHANGE IN NET ASSETS	15,361	(1,035)	-	14,326
NET ASSETS (beginning of year)	<u>69,361</u>	<u>1,035</u>	<u>-</u>	<u>70,396</u>
NET ASSETS (end of year)	<u>\$ 84,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,722</u>

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

MISSOURI ASSOCIATION OF CONVENTION & VISITOR BUREAUS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 15,361	\$ (1,035)	\$ -	\$ 14,326
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Effects of changes in operating assets and liabilities:				
Prepaid Expenses	<u>(3,125)</u>	<u>-</u>	<u>-</u>	<u>(3,125)</u>
Net cash provided by (used in) operating Activities	<u>11,986</u>	<u>(1,035)</u>	<u>-</u>	<u>10,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Certificates of Deposit - interest reinvested	<u>(516)</u>	<u>-</u>	<u>-</u>	<u>(516)</u>
Net cash provided by (used in) Investing activities	<u>(516)</u>	<u>-</u>	<u>-</u>	<u>(516)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,720	(1,035)	-	10,685
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>46,496</u>	<u>1,035</u>	<u>-</u>	<u>47,531</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 58,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,216</u>

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

MISSOURI ASSOCIATION OF CONVENTION & VISITOR BUREAUS
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 1: Nature of Organization and Significant Accounting Policies

Organization

The Missouri Association of Convention and Visitor Bureaus (MACVB) was incorporated on December 10, 1992 as a not-for-profit organization with exemption from income tax under IRS Code Sec. 501(c)(6).

The Missouri Association of Convention and Visitor Bureaus supports, promotes, and develops sustainable economic growth of vacation and meeting or convention travel on behalf of its member bureaus and their respective communities. MACVB enhances the professionalism, effectiveness, and image of its members and the industry they represent.

Basis of Accounting

The Organization maintains its records on the cash basis of accounting. A modification has been included for prepaid expenses of administrative fees so as not to mislead the user.

Revenues and Support

All revenues and support are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received which are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support, and increases those net asset classes.

When a temporary restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to net assets and reported in the Statement of Activities as net assets released from restrictions.

The Missouri Association of Convention and Visitor Bureaus does not have any permanently restricted net assets.

Membership dues are recognized as income when payment is received. Dues are calculated using the Member CVB's annual budget size.

Sponsorships are received from the tourism industry as unrestricted revenue and are used to help with annual meeting expenses.

Property and Equipment

The Organization does not own property or equipment.

Inventories

The Organization does not maintain an inventory.

MISSOURI ASSOCIATION OF CONVENTION & VISITOR BUREAUS
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 1: Nature of Organization and Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash, checking, savings, and all bank accounts as cash and cash equivalents. Certificates of deposit are not considered as cash.

Net Assets

Net assets are classified into one of three classes of net assets based on the existence or absence of donor-imposed restrictions. A description of each class is as follows:

Unrestricted

Unrestricted net assets include all net assets which are neither temporarily or permanently restricted.

Temporarily Restricted

Temporarily restricted net assets include contributed net assets for which donor imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently Restricted

Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are not recorded as the Organization records revenue as received.

Accounts Payable

Accounts Payable are not recorded as the Organization records expenses when paid.

Payroll and Compensations

There were no related payroll expenses because there were no employees as of June 30, 2004.

MISSOURI ASSOCIATION OF CONVENTION & VISITOR BUREAUS
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 2: Nature and Amount of Temporary Restrictions

Temporary Restrictions

As of June 30, 2004 temporarily restricted net assets are available for expenses as follows:

Legislative account	\$ -
Total temporarily restricted net assets	<u>\$ -</u>

The legislative account was opened in June of 2000 with money given to the MACVB from a Missouri organization which is no longer in existence. The legislative account is restricted to legislative purposes only.

NOTE 3: Contingencies

Litigation

The Missouri Association of Convention and Visitor Bureaus is not currently involved in litigation.

NOTE 4: Subsequent Events

First year audit

Subsequent to year end, the Missouri Association of Convention and Visitor Bureaus hired William White, CPA to audit its financial statements for the fiscal year July 1, 2003 through June 30, 2004. Prior years have not been audited since the fiscal year July 1, 1999 through June 30, 2000.

Executive Director

As of July 1, 2000, the Missouri Association of Convention and Visitor Bureaus hired Marcia Bennett to be its Executive Director.