

**GREATER WILMINGTON CONVENTION &
VISITORS' BUREAU, INC.**

**FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND 2009**

**WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**



Certified Public Accountants & Advisors
Advancing Tradition

INDEPENDENT AUDITORS' REPORT

Audit Committee
Greater Wilmington Convention and
Visitors' Bureau, Inc.

We have audited the accompanying statements of assets, liabilities and net assets - cash basis for Greater Wilmington Convention and Visitors' Bureau, Inc. (a nonprofit organization) as of June 30, 2010 and 2009 and the related statements of revenue, expenses and changes in net assets - cash basis, functional expenses - cash basis and cash flows - 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 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.

As described in the notes, the Bureau prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets - cash basis of Greater Wilmington Convention and Visitors' Bureau, Inc. as of June 30, 2010 and 2009, and the changes in net assets and cash flows - cash basis for the years then ended, in conformity with the basis of accounting described in the notes.

Cover Rossiter

Certified Public Accountants

July 23, 2010

GREATER WILMINGTON CONVENTION & VISITORS' BUREAU, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS

	June 30,	
	2010	2009
ASSETS		
Cash and cash equivalents		
Operating cash	\$ 244,070	\$ 259,261
Reserve account	100,000	50,000
Certificate of deposit accounts	100,000	100,000
Total cash and cash equivalents	444,070	409,261
Capitalized assets		
Furniture, fixtures and office equipment	64,222	64,222
Website	133,113	133,113
	197,335	197,335
Less: accumulated depreciation	(111,670)	(60,672)
Net capitalized assets	85,665	136,663
Total assets	\$ 529,735	\$ 545,924
 LIABILITIES AND NET ASSETS		
Net assets:		
Unrestricted	\$ 529,735	\$ 545,924
Total liabilities and net assets	\$ 529,735	\$ 545,924

GREATER WILMINGTON CONVENTION & VISITORS' BUREAU, INC.
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS - CASH BASIS

	Years ended June 30,	
	2010	2009
REVENUE:		
Governmental grants		
State lodging tax revenue	\$ 984,846	\$ 1,102,684
City of Wilmington grants	30,000	30,000
New Castle County grants	17,500	17,500
Delaware Tourism grants	9,750	7,211
Total governmental grants	<u>1,042,096</u>	<u>1,157,395</u>
Other		
Memberships	89,016	82,159
Interest income	1,061	6,710
Information center	-	8,000
Other income	864	2,384
Ticket sales	47,790	63,065
Total other	<u>138,731</u>	<u>162,318</u>
Total revenue	<u>1,180,827</u>	<u>1,319,713</u>
EXPENSES:		
Program service expense	1,076,344	970,056
Management and general expenses	120,672	120,532
Total expenses	<u>1,197,016</u>	<u>1,090,588</u>
CHANGE IN NET ASSETS	(16,189)	229,125
NET ASSETS - BEGINNING OF YEAR	<u>545,924</u>	<u>316,799</u>
NET ASSETS - END OF YEAR	<u>\$ 529,735</u>	<u>\$ 545,924</u>

GREATER WILMINGTON CONVENTION & VISITORS' BUREAU, INC.
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS

	Year ended June 30, 2010			Year ended June 30, 2009		
	Program	Management and General	Total	Program	Management and General	Total
Salaries	\$ 340,627	\$ 60,111	\$ 400,738	\$ 374,591	\$ 66,104	\$ 440,695
Payroll taxes and employee benefits	99,161	17,498	116,659	93,515	16,502	110,017
	<u>439,788</u>	<u>77,609</u>	<u>517,397</u>	<u>468,106</u>	<u>82,606</u>	<u>550,712</u>
Advertising	325,269	-	325,269	175,622	-	175,622
Contracted services	-	-	-	-	176	176
Depreciation	43,352	7,646	50,998	12,076	2,130	14,206
Dues and subscriptions	7,183	-	7,183	11,125	-	11,125
Fam visits	3,313	-	3,313	8,777	-	8,777
Information center	97	17	114	4,307	760	5,067
Insurance	4,534	3,709	8,243	5,151	4,214	9,365
Legislative support	5,000	-	5,000	5,000	-	5,000
Office expense	24,271	16,181	40,452	21,805	14,537	36,342
Postage	43,941	-	43,941	48,676	-	48,676
Printing and publications	24,731	-	24,731	34,094	-	34,094
Professional fees	6,921	5,662	12,583	7,552	6,178	13,730
Rent	51,677	9,119	60,796	51,677	9,119	60,796
Research	915	-	915	6,353	-	6,353
Telephone	13,852	729	14,581	15,436	812	16,248
Ticket redemption	39,178	-	39,178	53,277	-	53,277
Travel, meetings and conventions	42,322	-	42,322	41,022	-	41,022
	<u>42,322</u>	<u>-</u>	<u>42,322</u>	<u>41,022</u>	<u>-</u>	<u>41,022</u>
Total Expenses	<u>\$ 1,076,344</u>	<u>\$ 120,672</u>	<u>\$ 1,197,016</u>	<u>\$ 970,056</u>	<u>\$ 120,532</u>	<u>\$ 1,090,588</u>

See accompanying notes

GREATER WILMINGTON CONVENTION & VISITORS' BUREAU, INC.
STATEMENT OF CASH FLOWS - CASH BASIS

	Years Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Revenue, grants and contributions received	\$ 1,090,750	\$ 1,230,844
Membership dues received	89,016	82,159
Cash paid to employees and suppliers	(1,146,018)	(1,076,382)
Interest received	1,061	6,710
	34,809	243,331
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets	-	(137,585)
	-	(137,585)
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,809	105,746
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	409,261	303,515
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 444,070	\$ 409,261
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	2010	2009
Change in net assets	\$ (16,189)	\$ 229,125
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	50,998	14,206
	\$ 34,809	\$ 243,331

GREATER WILMINGTON CONVENTION & VISITORS' BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of the Greater Wilmington Convention and Visitors' Bureau, Inc. (the "Bureau") is to encourage economic development, while preserving quality of life by systematically attracting visitors to Greater Wilmington for business and leisure, and putting them in touch with Bureau members who can enhance their visitation experience.

Basis of Presentation

The Bureau's policy is to prepare its financial statements on the cash basis of accounting; consequently, revenue is recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Restricted and Unrestricted Revenue and Support

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The Bureau currently has no restricted net assets.

Donor-restricted support is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

Capitalized Assets

Capitalized assets are recorded at cost. The capitalization threshold was raised to \$1,000 effective for the year ending June 30, 2010. Assets acquired which do not exceed this threshold are expensed. Depreciation is provided over a three to seven year period on a straight-line basis.

Donated property and equipment is recorded as unrestricted unless the donor has restricted the donation to a specific purpose. Absent donor stipulations regarding the length of time the donated assets must be maintained, the Bureau reports the expiration of the restriction when the donated or acquired assets are placed in service as instructed by the donor.

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the costs and accumulated depreciation are eliminated from the accounts, and resulting gains or losses are included in operations.

GREATER WILMINGTON CONVENTION & VISITORS' BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date when received.

Donated Services

Donated services are recorded as contributions at their estimated fair values at the date of receipt to the extent that they create or enhance non-financial assets or require specialized skills which, if not provided by donation, would have to be purchased by the Bureau. No amounts have been recognized in the accompanying financial statements for the years ended June 30, 2010 and 2009 because the above stated criteria required for recognition had not been satisfied.

Advertising Costs

The costs of advertising are expensed as incurred. Advertising, marketing and publicity expense for the years ended June 30, 2010 and 2009 amounted to \$325,269 and \$175,622, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Bureau considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income Tax Status

The Bureau is exempt from income taxes under Section 501(c)(6) of the *Internal Revenue Code* and is not liable for federal or state income taxes, except on unrelated business income as applicable.

The Bureau has adopted the provisions of FASB Interpretation No. 48 (FASB ASC 740-10-50), *Accounting for Uncertainty in Income Taxes*. Management continually evaluates uncertain tax positions and expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, as applicable. Management's evaluation is that there is no income tax liability. This evaluation is based on settled and established positions within the Internal Revenue Code and management believes there is no significant uncertainty related to its evaluation.

The Bureau's policy is to expense all interest and penalties as incurred, if any. No amounts of interest or penalties were recognized by the Bureau during the years ended June 30, 2010 and 2009. No tax years prior to 2007 remain subject to examination by federal jurisdictions.

GREATER WILMINGTON CONVENTION & VISITORS' BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership Dues

The Bureau's policy regarding membership dues is to bill members one month prior to their renewal date. The Bureau then will send reminders every month up to an additional three months to allow members to pay prior to removing them from the member list. Therefore, members are allowed a total of 120 days to pay their membership. Since the Bureau's financial statements are prepared on the cash basis of accounting, membership dues are not recorded until received. Amounts billed but not yet received are not shown on the Statement of Assets, Liabilities and Net Assets - Cash Basis.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CREDIT RISK

The Bureau maintains cash balances at three financial institutions located in Wilmington, Delaware. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. In the normal course of business, the Bureau's balances may exceed this amount. The Bureau considers the possibility of incurring a loss remote.

LEASE COMMITMENTS

On April 1, 2007, the Bureau entered into a five-year lease agreement for office space located at the Community Service Building in Wilmington, Delaware. The lease expires on March 31, 2012. On January 1 of each year, the amount of real estate taxes and operating costs, which is part of the monthly rent, is predetermined, thereby adjusting the amount of rent due until the next predetermination date. Rent expense was \$60,796 for both years ended June 30, 2010 and 2009.

The Bureau also has three lease agreements in effect for the use of various office equipment. These leases have expiring terms ranging from 2010 through 2012 with monthly payments of \$217 to \$336.

GREATER WILMINGTON CONVENTION & VISITORS' BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

LEASE COMMITMENTS (CONTINUED)

The following is a schedule by years of future minimum rental payments required under these non-cancelable leases as of June 30:

2011	\$ 64,632
2012	48,724
2013	3,547
2014	3,547
2015	<u>3,547</u>
	<u>\$ 123,997</u>

CONCENTRATIONS OF REVENUE

The Bureau relies largely on governmental funding to support its operation. Governmental revenue accounted for 88.3% and 87.7% of total revenue for the fiscal years ended June 30, 2010 and 2009, respectively.

These funds, provided by the state of Delaware (lodging tax), New Castle County and the City of Wilmington, are unrestricted and available to fund the operating expenses of the Bureau.

The funds provided by the Delaware Tourism Office were provided as funds matching expenditures made by the Bureau for specific programs. The Bureau makes the expenditures and then applies for reimbursement of 50% from the Delaware Tourism Office.

The Bureau solicits memberships from the general area of Wilmington, Delaware. This source of revenue accounted for 7.5% and 6.2% of total general revenue for the years ended June 30, 2010 and 2009, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Bureau in estimating the fair value of its financial instruments:

Cash and cash equivalents – The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

GREATER WILMINGTON CONVENTION & VISITORS' BUREAU, INC.
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PENSION PLAN

The Bureau sponsors a tax-deferred investment plan, effective January 1, 1999, under *Internal Revenue Code* Section 401(k). All full-time and part-time employees are eligible to participate immediately upon joining the Bureau. The Bureau contributes 5% of employee elective deferrals to the extent that the deferral does not exceed 15%. Plan contributions were \$1,036 and \$844 for the years ended June 30, 2010 and 2009, respectively.

ALLOCATION OF FUNCTIONAL EXPENSES

The cost of providing various programs and activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RECLASSIFICATIONS

Certain amounts from the financial statements for the year ended June 30, 2009 have been reclassified to conform to the June 30, 2010 presentation. There was no change to net assets as previously reported as a result of the changes to these classifications.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 23, 2010, the date the financial statements were dated and available to be issued.