

**PENNSYLVANIA DUTCH TOURIST
BUREAU T/A PENNSYLVANIA
DUTCH CONVENTION AND
VISITORS BUREAU #36**

YEARS ENDED DECEMBER 31, 2009 AND 2008

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36

Financial Statements with Supplementary Information

Years Ended December 31, 2009 and 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pennsylvania Dutch Tourist Bureau
T/A **Pennsylvania Dutch Convention**
and Visitors Bureau #36
Lancaster, Pennsylvania

We have audited the accompanying statements of financial position of the **Pennsylvania Dutch Tourist Bureau** as of December 31, 2009 and 2008, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the **Pennsylvania Dutch Tourist 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Pennsylvania Dutch Tourist Bureau** as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 18 - 28 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.

March 30, 2010
Lancaster, Pennsylvania

Trout, Ebersole & Groff, LLP

TROUT, EBERSOLE & GROFF, LLP
Certified Public Accountants

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Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36

STATEMENTS of FINANCIAL POSITION

December 31, 2009 and 2008

	2009	2008
ASSETS		
ASSETS		
Cash and Cash Equivalents - Undesignated	\$ 2,290,345	\$ 2,117,881
Cash and Cash Equivalents - Restricted	429,923	-0-
Accounts Receivable - less Allowance for Doubtful Accounts of \$7,500	285,126	362,257
DCED/Matching Funds Grant Receivable	-0-	274,131
Prepaid Expenses and Other Current Assets	27,019	15,201
Cash and Cash Equivalents - Designated	466	1,554
Investments - Designated	506,362	416,578
Property and Equipment, net	<u>1,007,521</u>	<u>879,720</u>
TOTAL ASSETS	<u>4,546,762</u>	<u>4,067,322</u>
LIABILITIES and NET ASSETS		
LIABILITIES		
Accounts Payable	39,584	92,049
Accounts Payable - Grants	93,392	-0-
Accrued Salaries and Wages	1,406	-0-
Compensated Absences	30,331	25,021
Deferred Revenue	713,811	350,250
Accrued Expenses	54	32
Payroll Withholdings	<u>-0-</u>	<u>119</u>
TOTAL LIABILITIES	878,578	467,471
NET ASSETS		
Unrestricted:		
Undesignated	3,152,913	3,173,173
Designated - Board	506,828	418,132
Temporarily Restricted	<u>8,443</u>	<u>8,546</u>
TOTAL NET ASSETS	<u>3,668,184</u>	<u>3,599,851</u>
TOTAL LIABILITIES and NET ASSETS	<u>\$ 4,546,762</u>	<u>\$ 4,067,322</u>

See notes to financial statements.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36

STATEMENTS of ACTIVITIES and CHANGES in NET ASSETS
Years Ended December 31, 2009 and 2008

	2009	2008
CHANGES IN UNRESTRICTED NET ASSETS		
Revenue:		
Matching Funds Grant	\$ -0-	\$ 414,500
PA Tourism Promotion Assistance Grant	274,131	274,131
5% Regional Set-Aside Grant	-0-	12,500
Quest for Freedom/Underground Railroad Grants	23,930	9,000
Member Dues	595,680	573,655
Contributions	-0-	11,725
Investment Income (Loss)	92,677	(110,676)
Interest Income	45,377	41,030
Miscellaneous Income	1,000	1,753
Map and Vacation Guide	645,792	634,807
Marketing Department Income - Hotel Taxes	2,027,335	2,193,126
Marketing Department Income - Other	595,840	166,456
Member and Visitor Services Income	267,421	211,709
Self-Liquidating Programs	116,143	120,959
Tour and Travel Sales	121,293	108,317
Meeting and Convention Sales	13,174	33,567
Total Revenue	4,819,793	4,696,559
 Net Assets Released from Restrictions - Scholarships	 8,000	 8,000
Total Revenue and Other Support	4,827,793	4,704,559
 Expenses:		
Heritage Tourism	-0-	30,000
5% Set Aside	-0-	29,876
Grants	30,719	26,747
Map and Vacation Guide	353,677	386,680
Marketing Department	2,247,365	2,092,819
Member and Visitor Services	528,449	493,058
Self-Liquidating Programs	115,279	119,495
Tour and Travel Sales	374,609	559,197
Meeting and Convention Sales	377,057	209,753
Communications	314,470	348,336
Administrative	417,732	513,964
Total Expenses	\$ 4,759,357	\$ 4,809,925

See notes to financial statements.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
 STATEMENTS of ACTIVITIES and CHANGES in NET ASSETS
 (Continued)
 Years Ended December 31, 2009 and 2008

	2009	2008
INCREASE (DECREASE) in UNRESTRICTED NET ASSETS	\$ 68,436	\$ (105,366)
CHANGES in TEMPORARILY RESTRICTED NET ASSETS		
Scholarship Contributions	7,897	8,102
Mid-Atlantic Tourism Public Relations Alliance	-0-	(8,982)
Net Assets Released from Restrictions	<u>(8,000)</u>	<u>(8,000)</u>
Net Decrease in Temporarily Restricted Net Assets	<u>(103)</u>	<u>(8,880)</u>
CHANGES in NET ASSETS	68,333	(114,246)
NET ASSETS		
Beginning of Year	<u>3,599,851</u>	<u>3,714,097</u>
End of Year	<u>\$ 3,668,184</u>	<u>\$ 3,599,851</u>

See notes to financial statements.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36

STATEMENTS of CASH FLOWS
Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS from OPERATING ACTIVITIES		
Changes in Net Assets	\$ 68,333	\$ (114,246)
Adjustments to Reconcile Changes in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	89,117	110,545
Donated Bonds and Interest Forgiven	-0-	(11,725)
Interest Forgiven	-0-	225
Realized/Unrealized (Gain) Loss on Investments	(79,930)	127,969
(Increase) Decrease in:		
Accounts Receivable	77,131	3,824
Accounts Receivable - Related Party	-0-	43,734
Matching Funds Grant Receivable	274,131	(14,131)
Prepaid Expenses and Other Current Assets	(11,818)	(7,045)
Increase (Decrease) in:		
Accounts Payable	(52,465)	(47,702)
Accounts Payable Grants	93,392	-0-
Accrued Salaries, Wages, and Payroll Withholdings	1,287	(19,963)
Compensated Absences	5,310	8,578
Deferred Revenue	363,561	19,835
Accrued Expenses	22	(12)
	828,071	99,886
Net Cash Provided by Operating Activities	828,071	99,886
CASH FLOWS from INVESTING ACTIVITIES		
Purchases of Property and Equipment	(216,917)	(40,123)
Proceeds from Sale of Assets Restricted for		
Long-Term Purposes	323,663	2,929,903
Purchase of Assets Restricted for Long-Term Purposes	(332,430)	(2,945,191)
	(225,684)	(55,411)
Net Cash Used by Investing Activities	(225,684)	(55,411)
CASH FLOWS from FINANCING ACTIVITIES		
Payments on Long-Term Debt	-0-	(46,000)
	-	(46,000)
INCREASE (DECREASE) in CASH and CASH EQUIVALENTS	602,387	(1,525)
CASH and CASH EQUIVALENTS		
Beginning	2,117,881	2,119,406
Ending	\$ 2,720,268	\$ 2,117,881

See notes to financial statements.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
 STATEMENTS of CASH FLOWS
 (Continued)
 Years Ended December 31, 2009 and 2008

	2009	2008
SUPPLEMENTAL DISCLOSURE of CASH FLOW INFORMATION		
Cash Payments for Interest	50	1,014
Noncash Investing and Financing Transactions:		
Unrealized Gain (Loss) on Investments	95,807	(91,126)
Donated Bond Redemption	-0-	11,500

See notes to financial statements.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
NOTES to FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Presentation

All numbers represent United States dollars unless otherwise indicated.

Basis of Accounting

The financial statements of the Tourist Bureau have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Tourist Bureau's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). On July 1, 2009, the Financial Accounting Standards Board (FASB) released the Accounting Standards Codification™ (ASC). Effective for periods ending after September 15, 2009, the FASB ASC is the single source of US GAAP. All references to previous US GAAP standards have been replaced in these financial statements with references to the corresponding topic in the FASB ASC.

The financial statement presentation follows the recommendations of FASB ASC Topic 958, *Financial Statements of Not-For-Profit Organizations*. Under this standard, the 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.

Cash and Cash Equivalents

Cash balances include amounts on hand, amounts held in the Tourist Bureau's checking accounts, and cash equivalent/investments. The Tourist Bureau considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at outstanding principal adjusted for allowance for doubtful accounts. Account balances generally are written off when management judges such balances uncollectible, such as an account in bankruptcy. Management continually monitors and reviews accounts receivable balances.

The Tourist Bureau charges interest on past due accounts that are over 90 days old. The Tourist Bureau recognizes interest when it is billed. Interest receivable included in accounts receivable for the years ended December 31, 2009 and 2008, was \$-0- and \$184, respectively. Accounts receivable past due 90 days or more amounted to \$9,222 at December 31, 2009.

For accounts receivable, the allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Tourist Bureau could be adversely affected.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are recorded at fair value in the statements of financial position in accordance with FASB ASC Topic 958, *Financial Statements of Not-For-Profit Organizations*. Gains and losses on investments are required to be reported in the statement of activities as increases or decreases in unrestricted net assets unless restrictions are stipulated by the donor or by law.

As of January 1, 2008, the Tourist Bureau has adopted FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. This standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Property and Equipment

Property and equipment are stated at cost or at fair market value at the date of donation. Depreciation is calculated on an annual straight-line basis over the estimated useful lives. The cost of routine repairs and maintenance are expensed as incurred. The Tourist Bureau does not imply time restrictions on gifts of long-lived assets. Capital assets are defined by the Bureau as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Maintenance and repairs are charged to expense as incurred.

Restricted and Unrestricted Revenue and Support

The Tourist Bureau reports 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) based upon the existence or absence of donor-imposed restrictions.

The Tourist Bureau had no permanently restricted net assets at December 31, 2009 or 2008.

Land Lease

In 1990, the Tourist Bureau entered into a lease with the Pennsylvania Department of Transportation for the land its building is located on. The lease requires a nominal \$1 per year payment for the 50 year term lease.

Revenue Recognition

Grants - During 2009 and 2008, the Tourist Bureau became the recipient of Tourism Promotion Assistance Grants from the Department of Community and Economic Development (DCED) of the Commonwealth of Pennsylvania. Under this grant program, Commonwealth funds are provided to assist tourist promotion agency activities in marketing, advertising, and promotion of their destinations. The Bureau also received a Regional Marketing Partnership Grant from DCED during 2009. These Commonwealth funds are provided to assist in regional marketing activities. Grant funding, for all these grants, is provided on a reimbursement basis for qualified expenditures up to the total grant amount. Grant revenue is recognized as the qualifying expenses are incurred. Grant monies received prior to incurring any related expenses have been shown as deferred grant revenue.

Pennsylvania Dutch Tourist Bureau
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NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Membership Dues - Membership dues generally cover the period from July 1st to June 30th. Membership dues are recognized ratably over the year. Dues received or billed in advance of the fiscal year to which they pertain are treated as deferred revenue.

Retail Sales - The Tourist Bureau sells bus tours and maps at the visitor center. This revenue is recognized at the time of sale.

Display Rentals - Members can display information about their businesses in the visitor's center. The rental income from these displays is recognized ratably over the rental period. Rental income received or billed in advance of the fiscal year to which it pertains is treated as deferred revenue.

Hotel Room Tax and Excise Tax - The Tourist Bureau is the recipient of a portion of the Hotel Room Tax and Hotel Room Excise Tax collected by Lancaster County. All hotels, motels, and bed and breakfasts are subject to a 1.1% excise tax. Hotels, motels, and bed and breakfasts that have greater than 10 rooms are also subject to a 3.9% room tax. The Tourist Bureau receives 100% of the excise taxes collected and 20% of the room taxes collected. This revenue is recognized at the time the lodging establishment collects the tax from the guests.

Functional Expense Classification

Certain costs have been allocated among the programs and supporting services benefited. Supporting services consist of administrative expenses. Administrative expenses totaled \$389,075 and \$489,376 for the years ended December 31, 2009 and 2008, respectively.

Contributions

For the year ended December 31, 2009, contributions consisted of scholarship monies only. For the year ended December 31, 2008, contributions consisted of waived/forgiven bond principal, interest, and scholarship monies. Waived/forgiven bond principal and interest are recorded when the Tourist Bureau is informed of the bond holder's intent. Scholarship contributions are recorded as they are received.

Scholarship contributions are considered temporarily restricted as they are for the purpose of awarding scholarships to students pursuing a career in the hospitality/tourism industry. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted donations whose restrictions are met in the same reporting period are accounted for as temporarily restricted revenue and as net assets released from restrictions.

Donated Services

A portion of the Tourist Bureau's functions, including member services, committees, and operational activities, are conducted by unpaid officers and volunteers. The value of this contributed time is not reflected in the accompanying financial statements since there is no objective basis for valuation of the volunteers' time.

Pennsylvania Dutch Tourist Bureau
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NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Principally, estimates relate to depreciation and deferred revenue.

Media Advertising

Advertising and promotion costs are expensed as they are incurred.

Tax-Exempt Status

The **Pennsylvania Dutch Tourist Bureau** is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Tourist Bureau was incorporated in 1972 in the Commonwealth of Pennsylvania under the Nonprofit Corporation Law of 1933 and, as such, is exempt from state income taxes.

Income Taxes

On January 1, 2009, the Tourist Bureau adopted the provisions of FASB ASC 740, related to accounting for uncertainty in income taxes. The Tourist Bureau recognizes the benefits or liability associated with a tax position during the period which, based on all available evidence, management believes it is “more likely than not” (greater than fifty percent probability) that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. The portion of the benefits associated with income tax positions claimed on income tax returns that does meet the above threshold is reflected as a liability for uncertain tax positions in the accompanying statement of financial position. Interest and penalties associated with uncertain tax positions (those not meeting the fifty percent probability threshold) are recorded in the statement of activities and changes in net assets and any related accrual is recognized on the statement of financial position. Tax positions that are other than routine business transactions are re-evaluated on an annual basis for both potential recognition and derecognition.

Generally, the statute of limitation for filed returns is three years from the date of filing. Management is not aware of any uncertain tax positions taken by the Bureau.

NOTE 2 - NATURE of ACTIVITIES and CONCENTRATION of CREDIT RISK

The **Pennsylvania Dutch Tourist Bureau** is a non-stock membership organization. The Tourist Bureau’s principal business activities and purposes are educational, philanthropic, civic, and patriotic, including the following: to promote and encourage tourist travel and the holding of conventions in Lancaster County; to encourage the restoration of points of interest and places of historical significance; and to assemble and disseminate information designed to maintain and further develop the strong position of Lancaster County in the tourist, vacation, and convention fields.

Pennsylvania Dutch Tourist Bureau
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NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 2 - NATURE of ACTIVITIES and CONCENTRATION of CREDIT RISK (Continued)

Certain financial instruments potentially subject the Tourist Bureau to concentrations of credit risk. These financial instruments consist primarily of temporary cash investments. The Tourist Bureau maintains its temporary cash investments with various financial institutions where the account balances may, at times, exceed FDIC and SIPC insured limits.

Excess cash deposits are automatically invested by the financial institution through a sweep to the bank's investment product, these overnight balances are not covered by FDIC insurance. However, in the event of bank failure, the Tourist Bureau would be the owner of the securities specifically identified in the daily confirmation notice, or a holder of a perfected security interest, subject to the bank's obligation to repurchase such securities.

NOTE 3 - RESTRICTIONS on CASH

Certain grantors require monies transferred to the organization to be segregated until dispersed. At December 31, 2009 and 2008, \$429,923 and \$-0-, respectively, of these grant monies remained on hand waiting to be dispersed and are included under Cash and Cash Equivalents - Restricted on the Statements of Financial Position.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at December 31, 2009 and 2008:

	2009	2008
Due from Members	54,451	84,090
Hotel Excise Taxes	238,175	284,879
Miscellaneous	<u>-0-</u>	<u>788</u>
	292,626	369,757
Allowance for		
Doubtful Accounts	<u>(7,500)</u>	<u>(7,500)</u>
	285,126	362,257

Pennsylvania Dutch Tourist Bureau
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NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 5 - INVESTMENTS

Fair market values are determined by quoted market prices. The investments of the Tourist Bureau at December 31, 2009 and 2008, consist of:

	2009		2008	
	Cost	Market	Cost	Market
Money Market Funds	15,878	15,878	77,039	77,039
Exchange Traded Funds	114,483	153,915	234,294	197,476
Mutual Funds	<u>280,195</u>	<u>336,569</u>	<u>196,371</u>	<u>142,063</u>
	410,556	506,362	507,704	416,578

The following schedule summarizes the investment income (loss) and its classification in the income statement as of December 31:

	2009	2008
	Designated	Designated
Interest and Dividends	12,747	17,293
Realized and Unrealized Gains (Losses)	<u>79,930</u>	<u>(127,969)</u>
	92,677	(110,676)

Realized and unrealized net gains and losses of \$79,930 and (\$127,969) included in earnings for the years ended December 31, 2009 and 2008, respectively, are attributable to the change in unrealized gains and losses relating to instruments held at the end of the corresponding year and are reported as a component of investment income. Net realized losses for the years ended December 31, 2009 and 2008 amounted to \$107,002 and \$36,843, respectively.

NOTE 6 - FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to level 1 inputs and the lowest priority to level 3 inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Pennsylvania Dutch Tourist Bureau
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NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Money Market Funds, Mutual Funds and Exchanged Traded Funds: Valued at the net asset value (NAV) of shares held by the Tourist Bureau at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Tourist Bureau's assets that are measured at fair value on a recurring basis as of December 31, 2009 and 2008:

	2009	2008
	Fair Value	Fair Value
	Measurement	Measurement
	Level 1	Level 1
Money Market Funds	15,878	77,039
Exchanged Traded Funds	153,915	197,476
Mutual Funds	<u>336,569</u>	<u>142,063</u>
	506,362	416,578

Pennsylvania Dutch Tourist Bureau
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NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 7 - PROPERTY and EQUIPMENT

Property and equipment consist of the following at December 31, 2009 and 2008:

	2009	2008
Building and Improvements	1,316,322	1,261,075
Office Equipment and Furniture	876,483	714,813
Vehicles	<u>20,186</u>	<u>20,186</u>
	2,212,991	1,996,074
Accumulated Depreciation	<u>(1,205,470)</u>	<u>(1,116,354)</u>
	1,007,521	879,720

NOTE 8 - BONDS and NOTES PAYABLE

In 1990, the Tourist Bureau offered 1,000 unsecured bonds to its members. The proceeds were applied to building renovations and expansion. The bonds were scheduled to mature through 2010. During 2008, the Tourist Bureau paid off \$46,000 of the remaining balance, and \$11,500 was forgiven by the bond holders.

During the year ended December 31, 2008, bond interest expense amounting to \$225 was waived/forgiven by certain bond holders. This amount was included in contributions in the financial statements.

NOTE 9 - COMPENSATED ABSENCES

Employees of the Tourist Bureau are entitled to paid time off to be used for vacation, personal or family illness, or other needs. Unused paid time off can be carried over to the next year; however, there is a five day cap on the amount of paid time off time that can be carried over each year. The total cap is 20 days. Compensated absences for paid time off earned were \$30,331 and \$25,021 at December 31, 2009 and 2008, respectively.

NOTE 10 - DEFERRED GRANT REVENUE and GRANTS PAYABLE

Due to state budget cuts, grants outstanding were terminated and reissued with revised provisions. Deferred revenue of \$270,628 relates to a grant where the original grant period was from July 1, 2009 to June 30, 2010. Upon revision, the grant period is January 1, 2010 to June 2010. The work committed to under the grant will not be invoiced until 2010, so the funds were deferred at December 31, 2009. Deferred revenue also includes monies received for a grant that was terminated by the state. The state reduced the grant amount to \$6,608. The revision also requires the Bureau to return \$93,392 of the original \$100,000 grant back to the state. This amount is included in grants payable at December 31, 2009 and \$6,608 is included in deferred revenues.

Pennsylvania Dutch Tourist Bureau
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NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 10 - DEFERRED GRANT REVENUE and GRANTS PAYABLE (Continued)

Deferred revenue also includes funds received from the state for a grant which began in July 2005 and has had numerous amendments and a new grant which began in 2009. At December 31, 2009, funds amounting to \$59,295 have yet to be spent for grant purposes and are included in deferred revenue.

The disbursement of funds received under these contracts generally requires compliance with terms and conditions specified in the contracts and is subject to audit by contracting agencies. The amount of charges to these grants that may be disallowed, if any, by such audits cannot presently be determined and no provisions for any liability that may result has been made in the financial statements. However, management believes that the Bureau is in compliance with grant requirements, and no liability has arisen in the past or is currently expected.

NOTE 11 - LINE of CREDIT

During 2009, the Tourist Bureau obtained a \$500,000 unsecured line of credit. The interest rate is at the prime rate as published in the Wall Street Journal with a 4.25% floor. There were no outstanding borrowings on the line of credit at December 31, 2009.

NOTE 12 - RETIREMENT PLAN

The Tourist Bureau has a 401(k) money purchase (defined contribution) retirement plan which covers substantially all full-time employees. The employer's contribution is 5% of covered employees' compensation. In addition, the Tourist Bureau matches employee contributions on a dollar for dollar basis up to 1% of eligible employees' compensation. Employees are permitted to contribute up to 15% of their compensation to their retirement account. The employer's share of contributions to the retirement account for the years ended December 31, 2009 and 2008, was \$46,393 and \$40,330, respectively.

Pennsylvania Dutch Tourist Bureau
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NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 13 - BOARD DESIGNATED NET ASSETS

Board designated net assets represent reserve funds established by the Board for emergency purposes, such as economic downturns, loss of income through a curtailment in state funding, a decline in Hotel Tax revenues, or other events that negatively impact the Tourist Bureau's sources of income. These funds are to be invested in accordance with the Tourist Bureau's investment policy. Earnings on Board designated funds are accumulated and considered additions to designated net assets. At December 31, 2009 and 2008, Board designated funds consisted of the following:

	2009	2008
Cash and Cash Equivalents	466	1,554
Investments	<u>506,362</u>	<u>416,578</u>
	506,828	418,132

NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31, 2009 and 2008:

	2009	2008
Purpose Restrictions:		
Route 30 Corridor Holiday Décor	250	250
Scholarships	3,193	3,296
County Transportation Grant	<u>5,000</u>	<u>5,000</u>
	8,443	8,546

NOTE 15 - RELATED PARTY TRANSACTIONS

The Tourist Bureau has a marketing/consulting agreement with Dutch Country Roads Regional Tourism Marketing Corporation dated October 2006. For the years ended December 31, 2009 and 2008, no transactions were consummated under this agreement.

NOTE 16 - LANCASTER COUNTY RESERVATION CENTER

During 2009, the Tourist Bureau obtained the full management rights and responsibilities to operate the Lancaster County Reservation Center.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 17 - RECLASSIFICATION

Several items on the Statement of Financial Position and Statements of Activities and Changes in Net Assets for December 31, 2008, have been reclassified to be in conformity with the presentation adopted for December 31, 2009. This reclassification has no effect on the change in net assets.

NOTE 18 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 30, 2010, which represents the date the financial statements were available to be issued.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
 SCHEDULES of MAP and VACATION GUIDE
 Years Ended December 31, 2009 and 2008

	2009	2008
MAP and VACATION GUIDE SUPPORT and REVENUE	\$ 645,792	\$ 634,807
MAP and VACATION GUIDE EXPENSES		
Wages	12,996	13,091
Payroll Taxes	1,076	972
Insurance Benefits	1,304	441
Retirement	680	728
Workers' Compensation	54	74
Production Costs	42,031	51,827
Printing	285,700	304,680
Shipping	8,115	13,018
Telephone	309	360
Postage Meter	225	176
Grounds Maintenance	362	487
Building Maintenance	76	68
Utilities	163	169
Real Estate Taxes	79	80
Property Insurance	53	37
Depreciation - Building	220	203
Depreciation	234	269
	<hr/>	<hr/>
TOTAL MAP and VACATION GUIDE EXPENSES	<u>353,677</u>	<u>386,680</u>
EXCESS of MAP and VACATION		
GUIDE SUPPORT and REVENUE over EXPENSES	<u>\$ 292,115</u>	<u>\$ 248,127</u>

See auditors' report.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36

SCHEDULES of MARKETING DEPARTMENT
Years Ended December 31, 2009 and 2008

	2009	2008
MARKETING DEPARTMENT SUPPORT and REVENUE		
Getaways Online	\$ 19,450	\$ 18,810
Hotel Room Rental/Excise Taxes	2,027,335	2,193,126
Online Advertising Co-Op	31,400	-0-
Sponsorships - Advertising	17,300	11,500
Webervations	5,423	2,600
Gas Card Promotion	-0-	5,670
Sponsorships - Downtown	3,333	-0-
Partner Co-Op Advertising	518,934	127,876
TOTAL MARKETING DEPARTMENT SUPPORT and REVENUE	2,623,175	2,359,582
MARKETING DEPARTMENT EXPENSES		
Wages	141,856	109,949
Payroll Taxes	10,863	6,848
Insurance Benefits	17,621	(75)
Retirement	6,741	5,267
Workers' Compensation	519	264
Ad Agency Fee	14,409	12,803
Paper Supplies	169	1,774
800 Number	854	704
Sponsorships	760	-0-
Postage	47,955	43,290
Advertising	71,525	142,725
Media - Print	37,000	28,347
Media - Radio	-0-	186,050
Media - Online	55,667	-0-
Media - TV	1,680,711	1,192,198
Media Promotions - Flavorfest	48,872	83,036
Gas Card Promotions	-0-	5,850
On-Line Advertising	-0-	46,282
Webervations	5,463	2,600
Rack Brochure	45,462	41,431
Member Advertising Co-Op	31,400	128,550
Telephone	3,605	3,925
Grounds Maintenance	4,230	5,311
Building Maintenance	\$ 892	\$ 740

See auditors' report.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
 SCHEDULES of MARKETING DEPARTMENT
 (Continued)
 Years Ended December 31, 2009 and 2008

	2009	2008
MARKETING DEPARTMENT EXPENSES		
Utilities	\$ 1,902	\$ 1,846
Real Estate Taxes	926	869
Property Insurance	614	409
Depreciation - Building	2,564	2,210
Depreciation	2,727	2,934
Postage Meter	2,624	1,923
GLHMA Call Center	0	25,000
GLHMA Telephone	9,434	9,759
TOTAL MARKETING DEPARTMENT EXPENSES	2,247,365	2,092,819
EXCESS of MARKETING DEPARTMENT		
SUPPORT and REVENUE over EXPENSES	\$ 375,810	\$ 266,763

See auditors' report.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
 SCHEDULES of MEMBER and VISITOR SERVICES
 Years Ended December 31, 2009 and 2008

	2009	2008
MEMBER and VISITOR SERVICES SUPPORT and REVENUE		
Display Box Rentals	\$ 112,971	\$ 99,403
Lodging Board	4,798	4,435
Retail Sales	2,243	2,628
Retail Sales - Bus Tours	57,436	65,795
Retail Sales - Non-Taxable	223	759
Kiosk Commissions	5,714	5,824
Vending Machines	1,627	2,090
Meetings and Seminars	10,985	21,918
Route 30 Corridor	-0-	4,632
Reservation Center - Room Commissions	52,786	-0-
Reservation Center - Passkey Commissions	13,713	-0-
Hospitality Days	4,925	4,225
TOTAL MEMBER and VISITOR SERVICES SUPPORT and REVENUE	267,421	211,709
MEMBER and VISITOR SERVICES EXPENSES		
Wages	236,984	179,217
Payroll Taxes	25,028	16,957
Insurance Benefits	21,043	15,630
Retirement	7,142	8,271
Workers' Compensation	956	954
Visitor Services Expense Account	477	39
Holiday Building Decorating	-0-	576
Theatre Equipment Repairs	1,576	815
Credit Card Fees	2,558	2,547
Exhibit Maintenance	1,368	2,486
Lodging Board Maintenance	632	1,068
Retail Sales	831	1,907
Staff FAM Tours	-0-	116
Bus Tours	42,678	55,429
Vending Machines	255	594
Member Tickets	-0-	248
Musak	829	906
Postage Meter	1,780	1,599
Trade Shows	928	724
Printing	\$ 1,991	\$ 1,973

See auditors' report.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
 SCHEDULES of MEMBER and VISITOR SERVICES
 (Continued)
 Years Ended December 31, 2009 and 2008

	2009	2008
MEMBER and VISITOR SERVICES EXPENSES		
Member Relations	\$ 7,667	\$ 5,850
Annual Meeting	9,849	30,040
Meetings	30	-0-
Legislative Dinner	808	1,356
Board Retreat	-0-	5,082
Route 30 Corridor	-0-	4,382
Member Training	3,840	1,396
Hospitality Days	4,844	8,333
National Tourism Week	-0-	8,057
Telephone	2,446	3,264
Reservation Center	11,500	14,868
Grounds Maintenance	36,363	48,181
Building Maintenance	7,668	6,715
Utilities	16,350	16,746
Real Estate Taxes	7,959	7,882
Property Insurance	5,279	3,700
Depreciation - Building	22,043	20,054
Depreciation	1,850	2,439
Downtown Visitors Center	6,347	2,157
Reservation Center - Passkey	22,625	10,500
Reservation Center - Service Center Contracts	13,925	-0-
	528,449	493,058
TOTAL MEMBER and VISITOR SERVICES EXPENSES		
DEFICIENCY of MEMBER and VISITOR SERVICES		
SUPPORT and REVENUE over EXPENSES	\$ (261,028)	\$ (281,349)

See auditors' report.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
 SCHEDULES of SELF-LIQUIDATING PROGRAMS
 Years Ended December 31, 2009 and 2008

	2009	2008
SELF-LIQUIDATING PROGRAMS SUPPORT and REVENUE		
Co-Op - AAA Campbook	\$ 2,091	\$ 3,136
Co-Op - AAA Tourbook	45,092	51,212
Co-Op - PA Visitors Guide	50,610	52,505
Co-Op - Campground Travel Guides	<u>18,350</u>	<u>14,106</u>
TOTAL SELF-LIQUIDATING PROGRAMS SUPPORT and REVENUE	116,143	120,959
SELF-LIQUIDATING PROGRAMS EXPENSES		
AAA Campbook Ad	2,091	3,137
AAA Tourbook Ad	45,093	51,213
PA Visitors Guide Ad	50,610	52,505
Campground Travel Guides Ad	<u>17,485</u>	<u>12,640</u>
TOTAL SELF-LIQUIDATING PROGRAMS EXPENSES	<u>115,279</u>	<u>119,495</u>
EXCESS of SELF-LIQUIDATING PROGRAMS SUPPORT and REVENUE over EXPENSES	<u>\$ 864</u>	<u>\$ 1,464</u>

See auditors' report.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36

SCHEDULES of TOUR and TRAVEL SALES
Years Ended December 31, 2009 and 2008

	2009	2008
TOUR and TRAVEL SALES SUPPORT and REVENUE		
FAM Tours	\$ 2,814	\$ 1,300
Advertisement Income	6,742	-0-
Group Tour Planners Guide	95,336	88,400
Sales Mission Income	1,287	-0-
Member Meetings and Training	-0-	1,000
Sponsorship	10,750	-0-
Trade Show Income	4,364	17,617
TOTAL TOUR and TRAVEL SALES SUPPORT and REVENUE	121,293	108,317
TOUR and TRAVEL SALES EXPENSES		
Wages	136,778	262,870
Payroll Taxes	18,421	22,010
Insurance Benefits	27,417	42,854
Retirement	10,127	11,072
Workers' Compensation	514	563
Trade Show Gifts	12,008	9,415
Meet Us in Lancaster	3,595	2,796
Tourism Sales Mission	7,360	904
Seminars and Workshops	41	3,144
Sales Development and Training	12,628	10,091
Tour Operator/Partner Coops	2,123	5,338
Tour Promotions	4,500	-0-
Sales Tools and Reference Materials	270	149
Trade Show Travel and Expenses	25,867	33,293
Group Tour Advertising	19,011	16,112
Group Tour Book Mailing Services	-0-	1,958
Group Tour Sponsorship	22,099	10,512
Group Expense Account	48	62
Group Tour Book Creative & Printing	32,404	48,643
Trade Show Fees	18,566	33,613
Telephone	3,739	8,525
Grounds Maintenance	4,388	11,535
Building Maintenance	925	1,608
Utilities	\$ 1,973	\$ 4,009

See auditors' report.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
 SCHEDULES of TOUR and TRAVEL SALES
 (Continued)
 Years Ended December 31, 2009 and 2008

	2009	2008
TOUR and TRAVEL SALES EXPENSES (Continued)		
Real Estate Taxes	\$ 960	\$ 1,887
Property Insurance	637	886
Depreciation - Building	2,660	4,801
Depreciation	2,828	6,371
Postage Meter	<u>2,722</u>	<u>4,176</u>
TOTAL TOUR and TRAVEL SALES EXPENSES	<u>374,609</u>	<u>559,197</u>
DEFICIENCY of TOUR and TRAVEL SALES SUPPORT and REVENUE over EXPENSES	<u>\$ (253,316)</u>	<u>\$ (450,880)</u>

See auditors' report.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
 SCHEDULES of MEETING and CONVENTION SALES
 Years Ended December 31, 2009 and 2008

	2009	2008
MEETING and CONVENTION SALES SUPPORT and REVENUE		
Trade Show Income	\$ 9,903	\$ 16,534
Event & Meeting Services	2,046	1,400
FAM Tours	1,225	850
Special Event Advertising	-0-	14,783
	13,174	33,567
MEETING and CONVENTION SALES EXPENSES		
Wages	162,718	-0-
Payroll Taxes	8,307	-0-
Insurance Benefits	19,546	-0-
Retirement	5,076	-0-
Workers' Compensation	603	-0-
Trade Show Gifts	5,149	7,219
Seminars and Workshops	2,434	4,128
Meeting Planners Guide	560	5,479
Sales Development and Training	278	1,267
FAM Tours	6,791	5,733
Sales Tools and Reference Materials	-0-	467
Trade Show Travel and Expenses	25,112	25,337
Group Expense Account	827	1,273
Sponsorship	14,918	22,733
Trade Show Fees	43,151	36,813
Meeting and Convention Advertising	18,628	51,672
Corporate Meeting Sales Expense	24,401	22,233
Sales Mission	3,460	7,243
Telephone	4,449	-0-
Grounds Maintenance	5,220	-0-
Building Maintenance	1,101	-0-
Utilities	2,347	-0-
Event, Meeting, and Convention Services	10,313	18,156
Real Estate Taxes	1,143	-0-
Property Insurance	758	-0-
Depreciation - Building	3,164	-0-
Depreciation	3,365	-0-
Postage Meter	3,238	-0-
	377,057	209,753
DEFICIENCY of MEETING and CONVENTION SALES SUPPORT and REVENUE over EXPENSES		
	\$ (363,883)	\$ (176,186)

See auditors' report.

Pennsylvania Dutch Tourist Bureau
T/A Pennsylvania Dutch Convention and Visitors Bureau #36
 SCHEDULES of COMMUNICATIONS EXPENSES
 Years Ended December 31, 2009 and 2008

	2009	2008
Wages	\$ 171,060	\$ 170,653
Payroll Taxes	14,609	13,865
Insurance Benefits	33,858	26,408
Retirement	7,615	6,054
Workers' Compensation	654	411
Photographs and Slides	2,176	7,245
Press and Community Relations	4,810	6,316
Research - Communications	-0-	35,724
Clipping Service	11,953	17,182
Web Site Maintenance	21,130	22,737
Communications Technical	12,717	7,477
Postage	3,404	2,708
Printing	1,815	1,220
Subscriptions	641	477
Gifts and Novelties	379	191
Telephone	4,677	5,529
Grounds Maintenance	5,487	7,482
Building Maintenance	1,157	1,043
Utilities	2,467	2,600
Real Estate Taxes	1,201	1,224
Property Insurance	797	575
Depreciation - Building	3,326	3,114
Depreciation	3,537	4,132
Conferences	-0-	1,319
Legislative Relations	5,000	2,500
Sponsorships	-0-	150
	\$ 314,470	\$ 348,336
TOTAL COMMUNICATIONS EXPENSES	<u>\$ 314,470</u>	<u>\$ 348,336</u>

See auditors' report.

Pennsylvania Dutch Tourist Bureau
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 SCHEDULES of ADMINISTRATIVE EXPENSES
 Years Ended December 31, 2009 and 2008

	2009	2008
Wages	\$ 149,405	\$ 161,251
Payroll Taxes	12,846	13,715
Insurance Benefits	12,774	30,784
Retirement	9,012	8,938
Workers' Compensation	759	3,418
Other Employee Benefits	2,411	3,878
Administration Expense Account	1,336	4,734
Conventions/Seminars	12,953	40,934
Telephone	4,130	4,860
Cleaning Supplies	2,713	-0-
Grounds Maintenance	4,847	6,576
Building Maintenance	3,558	3,452
Utilities	2,181	2,285
Real Estate Taxes	1,061	1,076
Property Insurance	704	505
Depreciation - Building	2,939	2,737
Depreciation	37,660	36,281
Director and Officer Insurance	2,700	4,655
Professional Organizations Dues	28,657	24,588
Professional Fees	42,281	80,904
Bank Fees	7,087	2,745
Interest	50	1,239
Equipment Maintenance	19,993	21,833
Postage Meter	3,007	2,359
Office Supplies	11,647	10,808
Public Relations	8,540	7,676
Chamber Dinner	1,485	1,395
Computer Supplies	8,438	7,815
Technical Support	12,850	14,707
Scholarships	8,000	8,000
Miscellaneous	688	2,476
Bad Debt (Recovery)	1,020	(2,660)
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TOTAL ADMINISTRATIVE EXPENSES	\$ 417,732	\$ 513,964

See auditors' report.