



OHIO AUDITOR OF STATE
KEITH FABER



AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.
SUMMIT COUNTY
DECEMBER 31, 2023

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Akron/Summit Convention & Visitor's Bureau Inc.
Summit County
John S. Knight Center
77 East Mill Street
Akron, Ohio 44308

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Akron/Summit Convention & Visitor's Bureau Inc., Summit County, Ohio (ASCVB), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the ASCVB's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Akron/Summit Convention & Visitor's Bureau Inc., Summit County, Ohio as of December 31, 2023, and the changes in financial position and, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the ASCVB, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ASCVB's ability to continue as

a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ASCVB's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ASCVB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the revenues, expenses and changes in net position for the Convention & Visitors Bureau, Inc., John S. Knight Center, and Greystone Hall but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024, on our consideration of the ASCVB's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ASCVB's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ASCVB's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 20, 2024

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Akron/Summit Convention & Visitors Bureau, Inc.
Management’s Discussion and Analysis
For the Years Ended December 31, 2023 and 2022

The following Management Discussion and Analysis (MD&A) provides a summary overview of the financial performance of the Akron/Summit Convention & Visitors Bureau, Inc. (herein referred to as the ASCVB) for the years ended December 31, 2023 and 2022. Information in the MD&A should be read in conjunction with the ASCVB’s financial statements and corresponding notes to the financial statements.

Financial Highlights and Outlook

The following information on the travel trends and booking pace for the Akron/Summit Convention & Visitors Bureau (ASCVB), John S. Knight Center (Center) and Greystone is based on analysis of past, existing and future initiatives, as well as fundamental industry indicators.

As the hospitality ecosystem moves forward, the ASCVB will continue to strive to market the sector and provide financial stewardship for our business partners, our own organization, and the Greater Akron and Summit County areas with the goal continuing our growth trajectory.

The subsequent information is offered as a high-level summary of key elements and indicators:

- Summit County bed tax gross collections showed an increase in 2023 vs. 2022 of 4.7%
 - 2023 Total Gross County Collections: \$5,478,314
 - 2022 Total Gross County Collections: \$5,230,900
- Smith Travel Research reports for the Akron/Summit County Metropolitan Statistical Area (through December 2023) indicated the following results for 2023 vs. 2022:

	<u>Akron/Summit MSA</u>	<u>Statewide</u>
○ Occupancy:	56.7% = Decrease of 2.4%	57.7% = Increase of 1.0%
○ Average Daily Rate:	\$103.66 = Increase of 5.5%	\$117.43 = Increase of 5.1%
○ RevPAR:	\$58.73 = Increase of 3.0%	\$67.81 = Increase of 6.2%

- Number of Events:
 - In 2023 the Center hosted 104 Events vs. 94 in 2022
 - In 2023 Greystone hosted 71 Events vs. 64 in 2022
- Additional COVID-19 funds totaling \$226,271 were received from the Employee Retention Tax Credit program to support stabilization of cash flows due to the pandemic.
- A diverse series of orchestrated sales and marketing efforts and initiatives have been executed to evolve, augment and enhance the outreach to the marketplace to expand the ASCVB’s financial growth.
- There were no new hotels, increased inventory or rooms created in the market in 2023.
- The slow return of business travel and increased “remote” workplace formats continues to drive the new norm for the business travel and conference market.
- Continued growth at the Akron-Canton Airport and increased campaigns in conjunction with industry partners are expected to increase visibility and awareness.
- Key Performance Indicators of revenue growth, client retention and guest satisfaction are in a mode of advancement.
- The growth of our capital reserve gives us the ability to make tangible asset and capital investments.

Akron/Summit Convention & Visitors Bureau, Inc.
Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022

Overview of the Financial Statements

The ASCVB's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, promulgated by the Governmental Accounting Standards Board (GASB). The basic financial statements of the ASCVB together with the notes, which are essential to a full understanding of the data contained in the financial statements, are comprised of the following:

- Statement of Net Position – This statement presents information on the ASCVB's assets and liabilities, with the difference between the two reported as net position.
- Statement of Revenues, Expenses and Changes in Net Position – This statement shows how the ASCVB's net position has changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.
- Statement of Cash Flows – This statement reports cash and cash equivalent activities for the year resulting from operating, capital and related financing activities, and investing activities.
- The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

Financial Analysis of the ASCVB's Net Position and Revenues, Expenses and Changes in Net Position

The table below provides a summary of the ASCVB's financial position and operations for 2023, 2022 and 2021. Certain amounts may vary slightly due to differences caused by rounding to thousands.

Condensed Statements of Net Position
December 31
(Amounts in thousands)

	2023	Change	2022	Change	(restated) 2021
Current assets	\$ 4,406	-26%	\$ 5,967	2%	\$ 5,873
Capital assets, net of accumulated depreciation and amortization	1,761	137%	743	22%	611
Long-term assets	680	100%	-	-100%	97
Total assets	6,847	2%	6,710	2%	6,581
Current liabilities	1,236	-1%	1,250	-20%	1,559
Long-term liabilities	271	-16%	323	-68%	1,025
Total liabilities	1,507	-4%	1,573	-39%	2,584
Net investment in capital assets	1,689	144%	692	13%	611
Restricted for capital assets	442	-72%	1,575	-6%	1,669
Unrestricted (deficit)	3,209	12%	2,870	67%	1,717
Total net position	5,340	4%	5,137	29%	3,997
Total liabilities and net position	\$ 6,847	2%	\$ 6,710	2%	\$ 6,581

Akron/Summit Convention & Visitors Bureau, Inc.
Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022

During 2023, net position increased by approximately \$44,000 and during 2022, net position increased by approximately \$1,130,000.

The following table summarizes the changes in revenue and expenses for the ASCVB between 2023, 2022 and 2021.

Condensed Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended December 31
(Amounts in thousands)

	2023	Change	2022	Change	2021
<u>Operating Revenues</u>					
Hotel/motel tax	\$ 4,099	8%	\$ 3,781	22%	\$ 3,091
Space, rent, and food and ancillary service	3,300	4%	3,184	103%	1,570
<i>Total operating revenues</i>	7,399	6%	6,965	49%	4,661
<u>Operating Expenses</u>					
Payroll and benefits	3,951	14%	3,460	29%	2,675
Property insurance	111	6%	105	9%	96
Utilities	336	0%	336	7%	313
Advertising and promotion	769	9%	705	88%	376
Supplies	84	25%	67	68%	40
Maintenance and repairs	281	11%	254	12%	227
Contracted services	270	-20%	336	109%	161
Food services	861	9%	787	157%	306
Depreciation and amortization	288	91%	151	-5%	159
Other	505	68%	300	26%	238
<i>Total operating expenses</i>	7,456	15%	6,501	42%	4,591
<u>Nonoperating Revenues (Expenses)</u>					
Investment and other income (loss)	101	-85%	666	-20%	831
<i>Total nonoperating revenues and expenses</i>	101	-85%	666	-20%	831
<i>Change in net position</i>	\$ 44	-96%	\$ 1,130	-25%	\$ 901

Operating Revenues

Operating revenues consist of a portion of hotel/motel taxes collected on rooms occupied. These revenues are a function of price and occupancy. A hotel/motel tax is levied by Summit County and its municipalities; these taxes are collected by the County and a portion is distributed as revenue to the ASCVB for operations. The remaining revenues largely come from convention facility sales.

Akron/Summit Convention & Visitors Bureau, Inc.
Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022

Operating Expenses

Operating expenses increased by approximately \$955,000 due to a gradual resumption of business activities, hiring of additional staff to support business needs, and integration of technologies to support the ongoing evolution of the hospitality sector.

Capital Assets

At the end of 2023, the ASCVB had approximately \$1,689,000 invested in capital assets. The net investment in capital assets includes improvements to the John S. Knight Convention Center and leased assets.

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets. See Note 4 to the financial statements for additional information.

Long-term Debt

At the end of 2023, the ASCVB had one outstanding loan totaling \$150,000 and various leases totaling \$65,126. See Note 7 – Long-Term Debt and Note 5 – Leases, respectively, for additional information.

Economic Factors

Despite strained economic factors, the ASCVB has been able to contain costs. The ASCVB anticipates a flat revenue stream and will continue to contain costs to stay within the operating budget.

Contacting the ASCVB's Financial Management

This report is designed to provide a general overview of the ASCVB's finances for all interested parties. Questions and requests for additional information regarding this report should be addressed to the President/CEO, Akron/Summit Convention & Visitors Bureau, Inc., 77 E. Mill Street, Akron, OH 44308.

Akron/Summit Convention & Visitors Bureau, Inc.
Statement of Net Position
December 31, 2023 and 2022

<u>Assets</u>	2023	2022
Current Assets		
Cash and cash equivalents	\$ 1,760,510	\$ 2,558,229
Short-term investments	1,001,391	1,617,761
Accounts receivable less allowance for doubtful accounts of \$10,000 in 2023 and 2022	61,522	101,516
Accounts receivable:		
Summit County	1,028,717	1,036,898
City of Akron	219,746	13,829
Employee Retention Tax Credit	-	226,271
Leases	98,200	189,800
Inventory	44,203	64,222
Prepaid expenses	191,694	158,361
Total Current Assets	4,405,983	5,966,887
Noncurrent Assets		
Property and equipment, net of depreciation and amortization	1,760,764	742,837
Long-term investments	680,652	-
Total Noncurrent Assets	2,441,416	742,837
Total Assets	6,847,399	6,709,724
 <u>Liabilities</u>		
Current Liabilities		
Lease obligation, current portion	11,468	12,475
Accounts payable	327,659	147,016
Accrued expenses	564,194	473,688
Unearned revenue and customer deposits, current portion	333,119	617,376
Total Current Liabilities	1,236,440	1,250,555
Long-term Liabilities		
Small Business Administration loan	150,000	150,000
Capital lease obligation, net of current	59,998	38,429
Unearned revenue and customer deposits, net of current	61,105	134,279
Total Long-term Liabilities	271,103	322,708
Total Liabilities	1,507,543	1,573,263
 <u>Net Position</u>		
Net investment in capital assets	1,689,298	691,933
Restricted for capital assets	441,663	1,574,946
Unrestricted	3,208,895	2,869,582
Total Net Position	\$ 5,339,856	\$ 5,136,461

The accompanying notes are an integral part of the financial statements.

Akron/Summit Convention & Visitors Bureau, Inc.
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type
For the Years Ended December 31, 2023 and 2022

	2023	2022
<u>Operating Revenues:</u>		
Summit County	\$ 3,961,439	\$ 3,642,801
City of Akron	138,000	138,000
Space income	499,509	477,989
Rental income	114,400	106,600
Food service	1,851,251	1,700,987
Ancillary service	834,006	898,915
Total Operating Revenues	7,398,605	6,965,292
<u>Operating Expenses:</u>		
Salaries and wages	3,210,180	2,816,339
Payroll taxes and employee benefits	740,743	643,721
Property insurance	110,638	105,145
Utilities	336,289	336,315
Promotion	588,222	481,799
Advertising and printing	180,682	223,271
Office supplies and accessories	76,629	55,947
Postage	7,115	10,931
Dues and subscriptions	11,715	16,275
Professional fees	303,453	142,865
Travel	53,315	28,039
Maintenance and repairs	280,610	254,280
Contracted services	270,466	336,305
Food services	860,927	787,374
Lease	4,050	-
Audiovisual	77,823	71,373
Trade shows	14,059	3,270
Miscellaneous	40,786	36,243
Depreciation and amortization	288,072	151,296
Total Operating Expenses	7,455,774	6,500,788
Operating Income (Loss)	(57,169)	464,504
<u>Non-Operating Revenues (Expenses):</u>		
Utility reimbursement to City of Akron	-	-
Interest income (expense)	74,149	14,131
Paycheck Protection Program Loan Forgiveness	-	681,117
Investment and other income	26,977	(29,532)
Total Non-Operating Revenues (Expenses)	101,126	665,716
Change in Net Position	43,957	1,130,220
Net Position, Beginning of Year, restated (Note 12)	5,295,899	4,006,241
Net Position, End of Year	\$ 5,339,856	\$ 5,136,461

The accompanying notes are an integral part of the financial statements.

Akron/Summit Convention & Visitors Bureau, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
<u>Cash Flows from Operating Activities:</u>		
Cash received from customers, taxes and subsidies	\$ 7,161,097	\$ 7,175,542
Cash payments to suppliers for goods and services	(3,049,800)	(2,910,942)
Cash payments to employees for services	(3,860,417)	(3,444,063)
Net cash provided (used) by operating activities	250,880	820,537
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Cash refunds (payments) of interest	14,716	14,131
Purchases of capital assets	(1,305,999)	(283,428)
Payments on capital lease obligations	(8,060)	(6,489)
Payments of utility reimbursements	-	43,871
BWC refund of prior period expense	656	4,271
Employee Retention Credit received	226,271	349,004
Net cash provided (used) by capital and related financing activities	(1,072,416)	121,360
<u>Cash Flows from Investing Activities:</u>		
Interest on investments	65,817	5,772
Redemption of investments	1,453,000	1,510,000
Purchase of investments	(1,495,000)	(1,630,020)
Net cash provided (used) by investing activities	23,817	(114,248)
Increase (decrease) in cash and cash equivalents	(797,719)	827,649
Cash and Cash Equivalents, Beginning of Year	2,558,229	1,730,580
Cash and Cash Equivalents, End of Year	\$ 1,760,510	\$ 2,558,229
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities</u>		
Operating income	\$ (57,169)	\$ 464,504
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	288,072	151,296
Increase/decrease in operating assets and liabilities:		
Accounts receivable	66,971	712,694
Accounts receivable - Summit County	8,181	(162,968)
Accounts receivable - City of Akron	(67,917)	145,012
Accounts receivable - Leases	91,600	(94,800)
Inventory	20,019	(19,633)
Prepaid expenses	(33,333)	(40,959)
Accounts payable	180,293	38,769
Accrued expenses	90,506	17,033
Unearned revenue and customer deposits	(336,343)	(390,411)
Total adjustments	308,049	356,033
Net cash provided (used) by operating activities	\$ 250,880	\$ 820,537

The accompanying notes are an integral part of the financial statements.

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 1 – Description of the Entity

The Akron/Summit Convention & Visitors Bureau, Inc. (the ASCVB) is a non-profit organization governed by a Board of Directors composed of fifteen (15) members. Appointments are made to the Board of Directors by the City of Akron (7), County of Summit (7) and the Tri County Labor Council (1).

The Board of Directors governs the operation of the ASCVB, including the John S. Knight Center (the Center), and Greystone. It is the purpose of the ASCVB to actively promote the Akron/Summit County area as an ideal location for conventions of all sizes, plus tourism for the area's various points of interest. It is also the purpose of the ASCVB to completely manage and maintain the John S. Knight Center and Greystone – a convention center and event venue (owned by the City of Akron) located in downtown Akron.

Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34*. The reporting entity is composed of the primary government. The primary government consists of all organizations, activities, and functions that are not legally separate from the ASCVB. For the ASCVB, this includes general operations.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the ASCVB have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*, the ASCVB follows GASB guidance as applicable to proprietary funds.

The ASCVB's financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The ASCVB uses a single proprietary fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Proprietary fund reporting focuses on the determination of the changes in net position, financial position and cash flows. A proprietary fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

The proprietary fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the ASCVB are included on the statement of net position. The statement of changes in net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the ASCVB finances and meets the cash flow needs of its enterprise activity.

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the ASCVB's proprietary fund are bed tax revenues collected by the County Fiscal Officer and event revenue generated by the Center and Greystone. Operating expenses for the proprietary fund include the costs of facility maintenance, operation of the Center and Greystone, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Investments

Cash and cash equivalents include investments with original maturities of three months or less at the time of purchase. Cash equivalents are carried at fair value. Investments with an initial maturity of more than three months are reported as investments. An analysis of the ASCVB's investment account at year end is provided in Note 3.

Capital Assets

All capital assets (including land, structures and equipment) are capitalized at cost and updated for additions and retirements during the fiscal period. Donated capital assets are recorded at their acquisition values as of the date received. The ASCVB maintains a capitalization threshold of \$2,500. The ASCVB does not possess any infrastructure. Improvements are capitalized, but the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated using the straight-line method over the estimated useful lives of the respective assets:

Furniture, fixtures and equipment	5-10 years
Computer software	5 years
Vehicles	5 years
Leasehold improvements	Life of the lease
Equipment under capital leases	Life of the lease

Recognition of Revenues and Expenses

The ASCVB accounts for transactions using the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

The ASCVB recognizes revenues at the time persuasive evidence of an arrangement exists, the service is provided or prices are fixed or determinable and collection is reasonably assured. Income from space, food and ancillary services for scheduled events is deferred and recognized in the period in which the event takes place.

Inventory

Inventory consists of food, beverages and related supplies and is carried at the lower of cost (first in, first out) or market. The expenses are recorded upon consumption.

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the financial statements in accordance with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents amounts invoiced to/due from customers for events held at the Center and Greystone; credit is extended based on an evaluation of a business or individual's financial condition and generally, collateral is not required. Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Amounts due on events taking place in excess of one year are classified as long-term. Management determines the allowance for doubtful accounts by identifying delinquent accounts for events that have taken place during the year and using historical experience. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Accounts receivable – Summit County represents amounts due from Summit County for bed tax collected in the final quarter of the calendar year.

Accounts receivable – City of Akron represents amounts due from the City of Akron per the ASCVB's management agreement with the city.

Accounts receivable – Employee Retention Tax Credit represents amounts due from the Internal Revenue Service for CARES Act funding.

Lease receivable – represents amounts due from tenants of Greystone under non-cancellable lease agreements. Optional extension periods are recorded as receivable if the option is reasonably expected to be exercised by the tenant.

Income Taxes

The ASCVB is exempt from income taxes under the current provisions of the Internal Revenue Code, Section 501(c)(6). With few exceptions, the ASCVB is no longer subject to income tax examinations by tax authorities for years before 2011.

Leases

The ASCVB is the lessor/lessee (as defined by GASB 87) in various leases related to buildings, vehicles and other equipment under noncancelable leases.

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. The ASCVB applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 3 – Deposits and Investments

State statutes classify monies held by the ASCVB into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the ASCVB treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the ASCVB can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the ASCVB and must be purchased with the expectation that it will be held to maturity.

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 3 – Deposits and Investments (continued)

Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At December 31, 2023 and 2022, the ASCVB had \$25,381 and \$20,012, respectively, in undeposited cash on hand, which is included on the Statement of Net Position as part of “Cash and Cash Equivalents”.

Deposits

At December 31, 2023 and 2022, the carrying amount of the ASCVB’s deposits was \$2,736,521 and \$4,155,978, respectively (including \$1,681,539 and \$1,616,993, respectively, of non-negotiable certificates of deposit), and the bank balance was \$1,812,057 and \$2,645,547, respectively. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2023 and 2022, none of the ASCVB’s bank balance was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the ASCVB’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the ASCVB. Although the securities were held by the Federal Reserve Bank of Boston and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the ASCVB to a successful claim by the FDIC.

Investments

The ASCVB has no formal investment policy however, the ASCVB’s investments were limited to certificates of deposit at December 31, 2023 and 2022.

Interest Rate Risk: The ASCVB has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the ASCVB, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The ASCVB has no investment policy that specifically addresses credit risk beyond requiring the ASCVB to invest in securities authorized by State statute.

Concentration of Credit Risk: The ASCVB places no limit on the amount that may be invested in any one issuer.

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
<i><u>Historical Cost</u></i>				
Furniture, fixtures and equipment	\$ 1,451,501	\$ 540,746	\$ -	\$ 1,992,247
Computer software	18,700	46,918	-	65,618
Vehicles	13,314	52,512	-	65,826
Leasehold improvements	576,119	635,870	-	1,211,989
Leased vehicles	17,550	35,018	(17,550)	35,018
Leased equipment	46,143	-	-	46,143
<i>Total historical cost</i>	<u>2,123,327</u>	<u>1,311,064</u>	<u>(17,550)</u>	<u>3,416,841</u>
<i><u>Accumulated Depreciation and Amortization</u></i>				
Furniture, fixtures and equipment	(1,109,196)	(131,812)	-	(1,241,008)
Computer software	(3,740)	(24,724)	-	(28,464)
Vehicles	(13,314)	(10,502)	-	(23,816)
Leasehold improvements	(233,311)	(104,017)	-	(337,328)
Leased vehicles	(11,700)	(12,854)	17,550	(7,004)
Leased equipment	(9,229)	(9,228)	-	(18,457)
<i>Total accumulated depreciation and amortization</i>	<u>(1,380,490)</u>	<u>(293,137)</u>	<u>17,550</u>	<u>(1,656,077)</u>
Capital Assets, Net	<u>\$ 742,837</u>	<u>\$ 1,017,927</u>	<u>\$ -</u>	<u>\$ 1,760,764</u>

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
<i><u>Historical Cost</u></i>				
Furniture, fixtures and equipment	\$ 1,301,015	\$ 150,486	\$ -	\$ 1,451,501
Computer software	-	18,700	-	18,700
Vehicles	13,314	-	-	13,314
Leasehold improvements	508,020	68,099	-	576,119
Leased vehicles	17,550	-	-	17,550
Leased equipment	59,640	46,143	(59,640)	46,143
<i>Total historical cost</i>	<u>1,899,539</u>	<u>283,428</u>	<u>(59,640)</u>	<u>2,123,327</u>
<i><u>Accumulated Depreciation and Amortization</u></i>				
Furniture, fixtures and equipment	(1,029,789)	(79,407)	-	(1,109,196)
Computer software	-	(3,740)	-	(3,740)
Vehicles	(13,314)	-	-	(13,314)
Leasehold improvements	(179,791)	(53,520)	-	(233,311)
Leased vehicles	(6,300)	(5,400)	-	(11,700)
Leased equipment	(59,640)	(9,229)	59,640	(9,229)
<i>Total accumulated depreciation and amortization</i>	<u>(1,288,834)</u>	<u>(151,296)</u>	<u>59,640</u>	<u>(1,380,490)</u>
Capital Assets, Net	<u>\$ 610,705</u>	<u>\$ 132,132</u>	<u>\$ -</u>	<u>\$ 742,837</u>

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 5 – Leases

The ASCVB leases the John S. Knight Center from the City of Akron for a nominal rental of \$1 per year.

The ASCVB also leases certain equipment and vehicles under noncancelable leases expiring in various years through 2027. The following is a schedule of the future minimum lease payments required under the leases.

Year Ending	Principal	Interest
December 31:		
2024	\$ 12,255	\$ 6,358
2025	13,174	4,989
2026	14,372	3,342
2027	10,003	633
Totals	\$ 49,804	\$ 15,322

The ASCVB leases office space to various tenants as a part of the management agreement with the City of Akron for Greystone. Each tenant signs a lease agreement with payments due on the 1st of the month. The following is a schedule of leases receivable under the lease agreements:

Year Ending	Principal
December 31:	
2024	\$ 64,400
2025	27,200
2026	6,600
Totals	\$ 98,200

Note 6 – Retirement Plan

The ASCVB sponsors an employee benefit plan, which qualifies under Section 401(k) of the Internal Revenue Code. The plan covers all employees, including those covered by the collective bargaining union agreement that choose to participate and meet certain age and service requirements. The plan allows the employees to defer up to 15% of their annual compensation; and also requires the ASCVB to make a mandatory contribution of at least 3% of each employee’s compensation to adhere to Safe Harbor 401(k) requirements. For the year ending 2023, an expense for employee contributions was accrued in the amount of \$60,341; and for the year ending 2022, an expense for employee contributions was made in the amount of \$59,331.

Note 7 – Long-term Debt

As of December 31, 2023, the ASCVB had the following long-term debt outstanding:

	Principal	Interest
Small Business Administration Economic Impact Disaster Loan	\$ 150,000	2.75%

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 7 – Long-term Debt (continued)

On May 28, 2020, the ASCVB received an Economic Impact Disaster Loan (EIDL) in the amount of \$150,000 from the Small Business Administration (SBA) in response to the COVID-19 pandemic. The purpose of this loan was to provide cash flows to businesses negatively impacted by the pandemic. The loan carries an interest rate of 2.75%. The first loan payment was originally due 12 months after the loan funds were received. The SBA has since extended that deferment period to 30 months with the first payment due in November 2022. Starting in November 2022, monthly minimum payments of \$641 have been made to pay down the accrued interest on this loan.

Note 8 – Collective Bargaining Agreement

Two full-time and a majority of the part-time employees of the John S. Knight Center are covered by collective bargaining agreements. Agreements were negotiated during June 2022. A 3-year union contract was agreed upon by all parties for the period of July 1, 2022 – June 30, 2025.

Note 9 – Risk Management

The ASCVB is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended December 31, 2023 and 2022, the ASCVB contracted with SeibertKeck to obtain coverage for the risks listed below.

The ASCVB is covered for property damage, general liability, automobile liability, and other crime liabilities through the purchased coverage provided by SeibertKeck. The ASCVB is also covered for cybersecurity risks and maintains the required level of ERISA coverage.

Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Note 10 – Restricted Net Position

Under the terms of the lease agreement with the City of Akron discussed in Note 5, the ASCVB is required to “establish and fund a recurring capital cost fund to pay for repairs and maintenance” of the John S. Knight Center and related improvements. The amount of restricted funds was \$441,663 and \$1,574,946, respectively, at December 31, 2023 and 2022.

Note 11 – Contingencies

The ASCVB may be party to various legal proceedings. In the opinion of the ASCVB, the ultimate disposition of these proceedings will not have a materially adverse effect on the ASCVB’s financial position. No provision has been made in the financial statements for the effect, if any, of such contingencies.

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022

Note 12 – Restatement of Net Position

For the year ended December 31, 2023, beginning net position was restated as follows:

Net Position, 12/31/22	\$ 5,136,461
Unadjusted Prior Year Correction	138,000
Voided Credit Card Transactions	350
Change in Accounts Receivable	21,088
Net Position, 1/1/23	<u>\$ 5,295,899</u>

Akron/Summit Convention & Visitors Bureau, Inc.
Statement of Revenues, Expenses and Changes in Net Position
Convention & Visitors Bureau
For the Years Ended December 31, 2023 and 2022

	2023	2022
<u>OPERATING REVENUES:</u>		
Summit County	\$ 3,961,439	\$ 3,642,801
City of Akron	138,000	138,000
Total Operating Revenues	4,099,439	3,780,801
<u>OPERATING EXPENSES:</u>		
Salaries and wages	601,921	530,461
Payroll taxes and employee benefits	133,020	117,443
Property insurance	11,379	10,514
Utilities	14,813	14,329
Promotion	550,183	429,938
Advertising and printing	166,922	196,444
Office supplies and accessories	18,010	8,752
Postage	4,314	7,699
Dues and subscriptions	10,318	14,546
Professional fees	47,136	25,275
Travel	46,182	22,211
Maintenance and repairs	2,801	4,874
Lease	2,025	-
Trade shows	13,902	2,907
Miscellaneous	387	624
Depreciation and amortization	10,502	2,700
Total Operating Expenses	1,633,815	1,388,717
Operating Income (Loss)	2,465,624	2,392,084
<u>NON-OPERATING REVENUES (EXPENSES):</u>		
Management Fee	-	-
Food and Beverage Grant	-	-
Employee Retention Credit (ERC)	-	-
PPP Loan forgiveness	-	681,117
Investment and other income	104,862	(14,882)
Total Non-Operating Revenues (Expenses)	104,862	666,235
Change in Net Position	\$ 2,570,486	\$ 3,058,319

Akron/Summit Convention & Visitors Bureau, Inc.
Statement of Revenues, Expenses and Changes in Net Position
John S. Knight Center
For the Years Ended December 31, 2023 and 2022

	2023	2022
<u>OPERATING REVENUES:</u>		
Space income	\$ 455,859	\$ 442,065
Food service	1,258,644	1,185,090
Ancillary service	809,100	876,691
Total Operating Revenues	2,523,603	2,503,846
<u>OPERATING EXPENSES:</u>		
Salaries and wages	2,206,702	1,873,976
Payroll taxes and employee benefits	533,623	457,346
Property insurance	88,053	84,130
Utilities	319,267	320,334
Promotion	26,543	41,943
Advertising and printing	10,251	23,684
Office supplies and accessories	47,940	36,256
Postage	2,158	2,576
Dues and subscriptions	1,397	1,729
Professional fees	222,013	102,606
Travel	5,493	5,458
Maintenance and repairs	275,170	246,137
Contracted services	270,106	335,985
Food services	633,509	602,913
Lease	2,025	-
Audiovisual	75,195	68,523
Trade shows	157	363
Miscellaneous	40,399	35,619
Depreciation and amortization	273,066	140,966
Total Operating Expenses	5,033,067	4,380,544
Operating Income (Loss)	(2,509,464)	(1,876,698)
<u>NON-OPERATING REVENUES (EXPENSES):</u>		
Interest income (expense)	(3,736)	(519)
Total Non-Operating Revenues (Expenses)	(3,736)	(519)
Change in Net Position	\$ (2,513,200)	\$ (1,877,217)

Akron/Summit Convention & Visitors Bureau, Inc.
Statement of Revenues, Expenses and Changes in Net Position
Greystone
For the Years Ended December 31, 2023 and 2022

	2023	2022
<u>OPERATING REVENUES:</u>		
Space income	\$ 43,650	\$ 35,924
Rental income	114,400	106,600
Food service	592,607	515,897
Ancillary service	24,906	22,224
Total Operating Revenues	775,563	680,645
<u>OPERATING EXPENSES:</u>		
Salaries and wages	401,557	411,902
Payroll taxes and employee benefits	74,100	68,932
Property insurance	11,206	10,501
Utilities	2,209	1,652
Promotion	11,496	9,918
Advertising and printing	3,509	3,143
Office supplies and accessories	10,679	10,939
Postage	643	656
Professional fees	34,304	14,984
Travel	1,640	370
Maintenance and repairs	2,639	3,269
Contracted services	360	320
Food services	227,418	184,461
Audiovisual	2,628	2,850
Depreciation and amortization	4,504	7,630
Total Operating Expenses	788,892	731,527
Change in Net Position	\$ (13,329)	\$ (50,882)

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Akron/Summit Convention & Visitor's Bureau Inc.
Summit County
John S. Knight Center
77 East Mill Street
Akron, Ohio 44308

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Akron/Summit Convention & Visitor's Bureau Inc., Summit County, (the ASCVB) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the ASCVB basic financial statements and have issued our report thereon dated November 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the ASCVB's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ASCVB's internal control. Accordingly, we do not express an opinion on the effectiveness of the ASCVB's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the ASCVB's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ASCVB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ASCVB's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ASCVB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 20, 2024

OHIO AUDITOR OF STATE KEITH FABER



AKRON SUMMIT CONVENTION AND VISITORS BUREAU

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/5/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov