

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION**

**AKRON/SUMMIT CONVENTION & VISITORS
BUREAU, INC.**

DECEMBER 31, 1999 AND 1998

BRUNER•COX LLP
Certified Public Accountants•Consultants

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION**

**AKRON/SUMMIT CONVENTION & VISITORS
BUREAU, INC.**

DECEMBER 31, 1999 AND 1998

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Akron/Summit Convention & Visitors Bureau, Inc.

We have reviewed the independent auditor's report of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, prepared by Bruner Cox LLP for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Akron/Summit Convention & Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

March 2, 2000

BRUNER•COX LLP
Certified Public Accountants•Consultants

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Akron/Summit Convention & Visitors Bureau, Inc.
Akron, Ohio

We have audited the accompanying statements of financial position of Akron/Summit Convention & Visitors Bureau, Inc. as of December 31, 1999 and 1998, and the related statements of unrestricted revenue, expenses and other changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Akron/Summit Convention & Visitors Bureau, Inc. as of December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 26, 2000 on our consideration of Akron/Summit Convention & Visitors Bureau, Inc.'s control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and agreements.

Bruner • Cox, LLP

January 26, 2000

Ohio Edison Building, Suite 1508
76 South Main Street
Akron, OH 44308-1809

STATEMENTS OF FINANCIAL POSITION

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

December 31, 1999 and 1998

	1999	1998
ASSETS		
Cash and cash equivalents	\$ 285,267	\$ 194,348
Marketable securities	1,489,562	1,471,132
Accounts receivable less allowance for doubtful accounts of \$68,331 in 1999 and \$50,591 in 1998	421,029	342,685
Accounts receivable - Summit County	528,344	440,040
Inventory	26,297	35,949
Prepaid expenses	27,330	69,827
Property and equipment, net of accumulated depreciation	939,930	1,024,665
	\$ 3,717,759	\$ 3,578,646
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 105,518	\$ 95,329
Accrued expenses	36,577	20,002
	142,095	115,331
 Net assets		
Unrestricted	2,961,591	3,055,033
Temporarily restricted	614,073	408,282
	3,575,664	3,463,315
	\$ 3,717,759	\$ 3,578,646

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

**STATEMENTS OF UNRESTRICTED REVENUE, EXPENSES AND OTHER CHANGES IN
UNRESTRICTED NET ASSETS**

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 1999 and 1998

	1999	1998
UNRESTRICTED REVENUE, GAINS AND OTHER SUPPORT		
City of Akron	\$ 175,000	\$ 150,000
Summit County	1,747,472	1,610,167
Space income	513,631	222,746
Food service, net	631,998	473,026
Ancillary service	891,562	1,048,853
Investment income	54,585	100,648
	4,014,248	3,605,440
EXPENSES		
Salaries and wages	1,185,628	1,068,245
Payroll taxes and employee benefits	261,428	226,388
Property insurance	72,245	61,669
Property taxes	39,000	-
Telephone	65,629	67,347
Utilities	341,856	336,630
Promotion	119,776	109,625
Bad debt expense	30,015	(15,847)
Advertising and printing	287,309	353,450
Office supplies and accessories	19,086	25,286
Postage	24,795	25,089
Dues and subscriptions	13,683	10,632
Professional fees	45,532	15,992
Travel	74,016	71,131
Parking	15,148	16,146
Maintenance and repairs	262,230	260,081
Contracted services	245,540	343,347
Food services	360,530	234,468
Data processing	10,530	7,411
Auto lease	10,608	11,581
Audiovisual	25,214	56,283
Security	60,935	62,382
Trust fees	2,872	5,399
Trade show	25,964	15,942
Attractions Grant	39,136	24,421
Video conferencing	25,723	51,799
Miscellaneous	67,335	41,098
Depreciation	189,922	133,039
	3,921,685	3,619,034
Total expenses	3,921,685	3,619,034
Increase (decrease) in unrestricted net assets	\$ 92,563	\$ (13,594)

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

STATEMENTS OF CHANGES IN NET ASSETS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 1999 and 1998

	1999	1998
UNRESTRICTED NET ASSETS		
Total unrestricted revenue, gains and other support	\$ 4,014,248	\$ 3,605,440
Total unrestricted expenses	(3,921,685)	3,619,034
Depreciation funding	(186,005)	(133,039)
Decrease in net unrestricted assets	(93,442)	(146,633)
TEMPORARILY RESTRICTED ASSETS		
Investment income	19,786	14,368
Depreciation funding	186,005	133,039
Increase in temporarily restricted assets	205,791	147,407
Increase in net assets	112,349	774
NET ASSETS, BEGINNING OF YEAR	3,463,315	3,462,541
NET ASSETS, END OF YEAR	\$ 3,575,664	\$ 3,463,315

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

STATEMENTS OF CASH FLOWS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 1999 and 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 112,349	\$ 774
Noncash items included in net assets		
Depreciation	189,922	133,039
Unrealized losses on marketable securities	-	2,439
Amortization of bond premium	-	(3,377)
Changes in assets and liabilities		
Accounts receivable	(78,344)	106,416
Accounts receivable - Summit County	(88,304)	(45,724)
Inventory	9,652	(35,949)
Prepaid expenses	42,497	(48,159)
Accounts payable	10,189	(14,344)
Accrued expenses	16,575	16,701
	214,536	111,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(105,187)	(701,291)
	(105,187)	(701,291)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchases of marketable securities	(2,032,058)	(1,302,227)
Proceeds from sale of marketable securities	2,013,628	1,767,119
	(18,430)	464,892
Increase (decrease) in cash and cash equivalents	90,919	(124,583)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	194,348	318,931
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 285,267	\$ 194,348

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

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business

Akron/Summit Convention & Visitors Bureau, Inc. (the Bureau) is a non-profit organization governed by a Board of Trustees comprised of fourteen (14) members. Appointments are made to the Board of Trustees by the City of Akron (7), and the County of Summit (7).

The Board of Trustees governs the operation of the Akron/Summit Convention & Visitors Bureau (ASCVB) and the John S. Knight Center (JSK). 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 the purpose of the JSK to completely manage and maintain the John S. Knight Center, a convention center (owned by the City of Akron) located in downtown Akron.

Use of Estimates

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

Concentration of Credit Risk

The Bureau maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Bureau has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Cash and Cash Equivalents

The Bureau considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents.

Accounts Receivable

Accounts receivable represents amounts due from customers for events held at the John S. Knight Center; credit is extended based on an evaluation of a business or individual's financial condition and generally, collateral is not required.

Accounts Receivable - Summit County

Accounts receivable - Summit County represents amounts due from the County of Summit for room taxes collected in the final quarter of the calendar year.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Property and Equipment

Equipment is stated at cost less accumulated depreciation. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are generally capitalized. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets.

Marketable Securities

The Bureau carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value in the statement of financial position. Unrealized gains and losses are included in the change of net assets in the accompanying statements of activities.

Income Taxes

The Bureau is exempt from income taxes under the current provisions of the Internal Revenue Code, Section 501(c)(6).

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

Note 2. Property and Equipment

A summary of property and equipment at December 31 is presented below:

	Bureau		Center		Total	
	1999	1998	1999	1998	1999	1998
Furniture and fixtures	\$ 62,333	\$ 62,333	\$ 408,124	\$ 329,622	\$ 470,457	\$ 391,955
Computer software	-	-	121,681	103,939	121,681	103,939
Vehicles	19,583	19,583	-	-	19,583	19,583
Leasehold improvements	-	-	901,154	892,211	901,154	892,211
	81,916	81,916	1,430,959	1,325,772	1,512,875	1,407,688
Less accumulated depreciation	81,916	77,999	491,029	305,024	572,945	383,023
	\$ -	\$ 3,917	\$ 939,930	\$ 1,020,748	\$ 939,930	\$ 1,024,665

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 3. Marketable Securities

The estimated market values of the Bureau's investment portfolio at December 31 are as follows:

	1999		1998	
	Cost	Market value	Cost	Market value
U. S. Government or agency obligations	\$ 910,756	\$ 910,756	\$ 297,891	\$ 300,375
Money market funds	578,806	578,806	1,170,757	1,170,757
	<u>\$ 1,489,562</u>	<u>\$ 1,489,562</u>	<u>\$ 1,468,648</u>	<u>\$ 1,471,132</u>

Investment income and gross unrealized gains and (losses) relating to marketable securities are summarized as follows at December 31:

	1999	1998
Investment income		
Interest and dividends	\$ 74,371	\$ 117,455
Unrealized gains (losses)	-	(2,439)
	<u>\$ 74,371</u>	<u>\$ 115,016</u>
Gross unrealized gains (losses) on marketable securities		
Debt securities		
Unrealized gains	\$ -	\$ 2,484
Unrealized losses	-	-
	<u>\$ -</u>	<u>\$ 2,484</u>

Note 4. Retirement Plans

The Bureau sponsors an employee benefit plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan covers all employees meeting certain age and service requirements. The plan allows the employees to defer up to 15% of their annual compensation. At its discretion, the Bureau may elect to match employee contributions or make nonelective contributions. During 1999 and 1998 \$24,871 and \$31,270, respectively, was recorded as expense under this plan.

Note 5. Lease of Convention Center

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

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 6. Temporarily Restricted Net Assets

Under the term of the lease agreement with the City of Akron discussed in Note 5, the Bureau is required to "establish and fund a recurring capital cost fund to pay for repairs and maintenance" of the Center and improvements. Temporarily restricted net assets are available for this purpose. It is the intent of the Bureau to temporarily restrict assets in the amount of depreciation expense annually to comply with this external restriction.

Note 7. Year 2000 Issue

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Bureau's operations.

As of December 31, 1999, the Bureau has inventoried its mission-critical computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting Bureau operations. Based on this inventory, the Bureau determined that no further remediation or system testing was required.

To the best of management's knowledge and belief, as of January 26, 2000, the Bureau experienced no significant interruption of mission-critical operations or services related to the Year 2000 Issue. However, because of the unprecedented nature of the Year 2000 Issue, matters may yet arise, and parties with whom the Bureau does business may also experience Year 2000 readiness issues that are as yet unknown.

INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Akron/Summit Convention & Visitors Bureau, Inc.
Akron, Ohio

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following schedules (pages 11 and 12) for 1999 and 1998 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

Bruner-Cox, LLP

Akron, Ohio
January 26, 2000

SCHEDULES OF ACTIVITIES - BUREAU

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 1999 and 1998

	1999	1998
UNRESTRICTED REVENUE, GAINS AND OTHER SUPPORT		
City of Akron	\$ 175,000	\$ 150,000
Summit County	1,747,472	1,610,167
Investment and other income	74,271	114,848
Total unrestricted revenue, gains and other support	1,996,743	1,875,015
EXPENSES		
Salaries and wages	340,769	320,993
Payroll taxes and employee benefits	72,577	75,062
Property insurance	5,128	2,865
Telephone	22,040	23,787
Promotion	79,740	79,824
Advertising and printing	200,233	239,577
Office supplies and accessories	6,710	10,078
Postage	17,333	17,785
Dues and subscriptions	10,519	7,853
Professional fees	20,296	6,986
Travel	56,178	57,925
Maintenance and repairs	10,619	9,155
Data processing	5,750	5,434
Auto lease	5,928	7,261
Trust fees	2,872	5,399
Trade shows	21,349	12,495
Attractions Grant	39,136	24,421
Miscellaneous	35,922	2,796
Depreciation	3,917	6,664
Total expenses	957,016	916,360
Net excess revenues	\$ 1,039,727	\$ 958,655

SCHEDULES OF ACTIVITIES - CENTER

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 1999 and 1998

	1999	1998
UNRESTRICTED REVENUE, GAINS AND OTHER SUPPORT		
Space income	\$ 513,631	\$ 222,746
Food service, net	631,998	473,026
Ancillary service	891,562	1,048,853
Investment and other income	100	168
	<hr/>	<hr/>
Total unrestricted revenue, gains and other support	2,037,291	1,744,793
 EXPENSES		
Salaries and wages	844,859	747,252
Payroll taxes and employee benefits	188,851	151,326
Property insurance	67,117	58,804
Property taxes	39,000	-
Telephone	43,589	43,560
Utilities	341,856	336,630
Promotion	40,036	29,801
Bad debt expense	30,015	(15,847)
Advertising and printing	87,076	113,873
Office supplies and accessories	12,376	15,208
Postage	7,462	7,304
Dues and subscriptions	3,164	2,779
Professional fees	25,236	9,006
Travel	17,838	13,206
Parking	15,148	16,146
Maintenance and repairs	251,611	250,926
Contracted services	245,540	343,347
Food services	360,530	234,468
Data processing	4,780	1,977
Auto lease	4,680	4,320
Audiovisual	25,214	56,283
Security	60,935	62,382
Trade shows	4,615	3,447
Video conferencing	25,723	51,799
Miscellaneous	31,413	38,302
Depreciation	186,005	126,375
	<hr/>	<hr/>
Total expenses	2,964,669	2,702,674
	<hr/>	<hr/>
Net excess expenses	\$ (927,378)	\$ (957,881)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Akron/Summit Convention & Visitors Bureau, Inc.
Akron, Ohio

We have audited the financial statements of Akron/Summit Convention & Visitors Bureau, Inc. as of and for the year ended December 31, 1999, and have issued our report thereon dated January 26, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Akron/Summit Convention & Visitors Bureau, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Akron/Summit Convention & Visitors Bureau, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Trustees and management and is not intended to be, and should not be, used by any one other than those specified parties.

Bruner - Cox, LLP

January 26, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*

Date: MARCH 16, 2000