

**AUDITED FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION**

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

**DECEMBER 31, 2001 AND 2000**







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.  
77 East Mill Street  
Akron, Ohio 44309-1401

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, 2001 through December 31, 2001. 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

May 3, 2002

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## 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, 2001 and 2000, 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 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. 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, 2001 and 2000, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2002 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Bruner-Cox, LLP*

January 24, 2002

**STATEMENTS OF FINANCIAL POSITION**

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

**December 31, 2001 and 2000**

	<b>2001</b>	<b>Restated 2000</b>
<b>ASSETS</b>		
Cash	\$ 128,772	\$ 609,568
Money market funds	1,679,636	1,325,545
Cash and cash equivalents	1,808,408	1,935,113
Accounts receivable less allowance for doubtful accounts of \$125,023 in 2001 and \$95,043 in 2000	870,168	430,129
Accounts receivable - Summit County	426,765	498,710
Inventory	43,851	44,622
Prepaid expenses	60,686	51,614
Property and equipment, net of accumulated depreciation	1,017,420	970,371
	<b>\$ 4,227,298</b>	<b>\$ 3,930,559</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 131,616	\$ 108,504
Accrued expenses	73,018	67,094
Note payable	19,161	-
Deferred revenues	447,560	141,230
<b>Total liabilities</b>	<b>671,355</b>	316,828
 <b>Net assets</b>		
Unrestricted	2,491,853	2,782,327
Temporarily restricted	1,064,090	831,404
	<b>3,555,943</b>	3,613,731
	<b>\$ 4,227,298</b>	<b>\$ 3,930,559</b>

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, 2001 and 2000**

	<b>2001</b>	<b>2000</b>
<b>UNRESTRICTED REVENUE</b>		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,588,379	1,790,258
Space income	514,570	605,548
Food service, net	613,446	610,709
Ancillary service	1,022,026	1,094,464
Investment and other income	156,291	103,648
<b>Total unrestricted revenue</b>	<b>4,069,712</b>	<b>4,379,627</b>
<b>EXPENSES</b>		
Salaries and wages	1,434,057	1,384,003
Payroll taxes and employee benefits	297,489	330,825
Property insurance	104,304	85,103
Property taxes	-	9,696
Telephone	75,572	68,367
Utilities	367,951	347,813
Promotion	118,988	114,970
Bad debt expense	30,000	30,997
Advertising and printing	254,559	234,483
Office supplies and accessories	19,776	25,094
Postage	28,535	26,338
Dues and subscriptions	17,274	11,078
Professional fees	101,590	54,722
Travel	62,827	74,625
Parking	16,552	16,554
Maintenance and repairs	238,805	282,581
Contracted services	270,123	307,342
Food services	321,521	347,000
Auto lease	10,386	10,889
Audiovisual	68,896	54,899
Security	11,800	30,207
Trust fees	2,870	3,078
Trade shows	13,004	30,008

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

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

**For the years ended December 31, 2001 and 2000**

	<b>2001</b>	<b>2000</b>
<b>EXPENSES (Continued)</b>		
Attractions grant	\$ 19,100	\$ 20,410
Video conferencing	33,578	25,165
Miscellaneous	41,900	130,182
Depreciation	199,655	180,616
Interest	2,115	-
	<hr/>	<hr/>
<b>Total expenses</b>	<b>4,163,227</b>	<b>4,237,045</b>
	<hr/>	<hr/>
<b>Increase (decrease) in unrestricted net assets</b>	<b>\$ (93,515)</b>	<b>\$ 142,582</b>
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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, 2001 and 2000**

	<b>2001</b>	Restated <b>2000</b>
<b>UNRESTRICTED NET ASSETS</b>		
Total unrestricted revenue	\$ 4,069,712	\$ 4,379,627
Total unrestricted expenses	(4,163,227)	(4,237,045)
Depreciation funding	(196,959)	(180,616)
	<hr/>	<hr/>
<b>Decrease in net unrestricted assets</b>	<b>(290,474)</b>	<b>(38,034)</b>
<b>TEMPORARILY RESTRICTED ASSETS</b>		
Investment income	35,727	36,715
Depreciation funding	196,959	180,616
	<hr/>	<hr/>
<b>Increase in temporarily restricted assets</b>	<b>232,686</b>	<b>217,331</b>
	<hr/>	<hr/>
<b>Increase (decrease) in net assets</b>	<b>(57,788)</b>	<b>179,297</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,613,731</b>	<b>3,434,434</b>
	<hr/>	<hr/>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,555,943</b>	<b>\$ 3,613,731</b>
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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, 2001 and 2000

	<b>2001</b>	<b>2000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (57,788)	\$ 179,297
Noncash item included in net assets		
Depreciation	199,655	180,616
Changes in assets and liabilities		
Accounts receivable	(440,039)	(9,100)
Accounts receivable - Summit County	71,945	29,634
Inventory	771	(18,325)
Prepaid expenses	(9,072)	(24,284)
Accounts payable	23,112	2,986
Accrued expenses	5,924	30,517
Deferred revenues	306,330	-
<b>Cash provided by operating activities</b>	<b>100,838</b>	<b>371,341</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(246,704)	(211,057)
<b>Cash used in investing activities</b>	<b>(246,704)</b>	<b>(211,057)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	21,956	-
Payments on long-term borrowings	(2,795)	-
<b>Cash provided by financing activities</b>	<b>19,161</b>	<b>-</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(126,705)</b>	<b>160,284</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,935,113</b>	<b>1,774,829</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,808,408</b>	<b>\$ 1,935,113</b>

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

## NOTES TO FINANCIAL STATEMENTS

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

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#### **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 fifteen (15) members. Appointments are made to the Board of Trustees by the City of Akron (8), 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.

The financial statements reflect the application of certain accounting policies described in this note.

##### **Use of Estimates**

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

##### **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.

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#### 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.

##### Deferred Revenues

Income from food and ancillary services for scheduled events is deferred and recognized in the periods in which the events take place.

##### Income Taxes

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

##### Restatement of 2000

The financial statements for 2000 have been restated to report as deferred revenues certain food service and ancillary service billings. The effect was to reduce the unrestricted net assets by \$141,230 at January 1 and December 31, 2000.

##### Reclassifications

Certain amounts on the 2000 financial statements have been reclassified to conform to the 2001 presentation.

#### Note 2. Property and Equipment

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

	Bureau		Center		Total	
	2001	2000	2001	2000	2001	2000
Furniture and fixtures	\$ 62,333	\$ 62,333	\$ 640,117	\$ 557,799	\$ 702,450	\$ 620,132
Computer software	-	-	133,133	122,558	133,133	122,558
Vehicles	26,956	19,583	-	-	26,956	19,583
Leasehold improvements	-	-	1,088,513	961,659	1,088,513	961,659
	89,289	81,916	1,861,763	1,642,016	1,951,052	1,723,932
Less accumulated depreciation	65,028	81,916	868,604	671,645	933,632	753,561
	\$ 24,261	\$ -	\$ 993,159	\$ 970,371	\$ 1,017,420	\$ 970,371

## NOTES TO FINANCIAL STATEMENTS

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

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#### Note 3. Money Market Funds

The Bureau's investment portfolios at December 31 are as follows:

	2001		2000	
	Cost	Market value	Cost	Market value
Money market funds	\$ 1,679,636	\$ 1,679,636	\$ 1,325,545	\$ 1,325,545

Investment income relating to the money market funds are summarized as follows at December 31:

	2001	2000
Investment income		
Interest	\$ 56,961	\$ 89,061

#### 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 2001 and 2000, \$29,643 and \$29,861, 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. This approximates the fair market value of the rental based on the revenues generated and expenses incurred by the facility.

#### 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.

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## 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 2001 and 2000 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 24, 2002

**SCHEDULES OF ACTIVITIES – BUREAU**

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

**For the years ended December 31, 2001 and 2000**

	<b>2001</b>	<b>2000</b>
<b>UNRESTRICTED REVENUE</b>		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,588,379	1,790,258
Investment and other income	60,585	71,394
	<hr/>	<hr/>
<b>Total unrestricted revenue</b>	<b>1,823,964</b>	<b>2,036,652</b>
<b>EXPENSES</b>		
Salaries and wages	342,560	357,566
Payroll taxes and employee benefits	72,083	85,541
Property insurance	16,248	11,312
Telephone	22,515	20,361
Promotion	76,970	88,347
Advertising and printing	184,655	176,726
Office supplies and accessories	7,800	9,409
Postage	21,142	18,921
Dues and subscriptions	11,001	7,832
Professional fees	34,185	29,271
Travel	46,703	42,466
Maintenance and repairs	15,289	12,237
Auto lease	6,014	5,928
Trust fees	2,870	3,078
Trade shows	9,082	25,603
Attractions Grant	19,100	20,410
Miscellaneous	5,256	95,185
Depreciation	2,696	-
Interest	2,115	-
	<hr/>	<hr/>
<b>Total expenses</b>	<b>898,284</b>	<b>1,010,193</b>
	<hr/>	<hr/>
<b>Net excess revenues</b>	<b>\$ 925,680</b>	<b>\$ 1,026,459</b>
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**SCHEDULES OF ACTIVITIES – CENTER**

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

**For the years ended December 31, 2001 and 2000**

	<b>2001</b>	<b>2000</b>
<b>UNRESTRICTED REVENUE</b>		
Space income	\$ 514,570	\$ 605,548
Food service, net	613,446	610,709
Ancillary service	1,022,026	1,094,464
Investment and other income	95,706	32,254
	<hr/>	<hr/>
<b>Total unrestricted revenue</b>	<b>2,245,748</b>	<b>2,342,975</b>
<b>EXPENSES</b>		
Salaries and wages	1,091,497	1,026,437
Payroll taxes and employee benefits	225,406	245,284
Property insurance	88,056	73,791
Property taxes	-	9,696
Telephone	53,057	48,006
Utilities	367,951	347,813
Promotion	42,018	26,623
Bad debt expense	30,000	30,997
Advertising and printing	69,904	57,757
Office supplies and accessories	11,976	15,685
Postage	7,393	7,417
Dues and subscriptions	6,273	3,246
Professional fees	67,405	25,451
Travel	16,124	32,159
Parking	16,552	16,554
Maintenance and repairs	223,516	270,344
Contracted services	270,123	307,342
Food services	321,521	347,000
Auto lease	4,372	4,961
Audiovisual	68,896	54,899
Security	11,800	30,207
Trade shows	3,922	4,405
Video conferencing	33,578	25,165
Miscellaneous	36,644	34,997
Depreciation	196,959	180,616
	<hr/>	<hr/>
<b>Total expenses</b>	<b>3,264,943</b>	<b>3,226,852</b>
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<b>Net excess expenses</b>	<b>\$ (1,019,195)</b>	<b>\$ (883,877)</b>

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**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, 2001, and have issued our report thereon dated January 24, 2002. We conducted our audit in accordance with 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.

**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 24, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**AKRON/CANTON CONVENTION AND 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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 14, 2002**