



CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2004 AND 2003



**Auditor of State
Betty Montgomery**

Board of Directors
Canton/Stark Convention and Visitors' Bureau
222 Market Avenue North
Canton, Ohio 44702

We have reviewed the *Independent Auditors' Report* of the Canton/Stark Convention and Visitors' Bureau, Stark County, prepared by Cohen & Company, for the audit period January 1, 2004 through December 31, 2004. 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 Canton/Stark Convention and Visitors' Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 7, 2005

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CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

DECEMBER 31, 2004 AND 2003

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CANTON REGIONAL CHAMBER OF COMMERCE
AND
BOARD OF DIRECTORS
CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

Independent Auditors' Report

We have audited the accompanying statement of financial position of the Canton/Stark County Convention and Visitors' Bureau (a department of the Canton Regional Chamber of Commerce) as of December 31, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Canton/Stark County Convention and Visitors' Bureau as of and for the year ended December 31, 2003, were audited by other auditors, whose report dated April 8, 2004, expressed an unqualified opinion on those statements.

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. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Canton/Stark County Convention and Visitors' Bureau as of December 31, 2004, and the changes in net assets and cash flows for the year 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 April 13, 2005 on our consideration of the Canton/Stark County Convention and Visitors Bureau'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 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 internal control over financial reporting or on compliance. 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.

Cohen & Company

April 13, 2005
Cleveland, Ohio

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 346,586	\$ 455,031
Accounts receivable	213,195	179,593
Prepaid expenses	<u>22,626</u>	<u>23,017</u>
	<u>582,407</u>	<u>657,641</u>
PROPERTY AND EQUIPMENT - AT COST		
Office equipment	205,592	200,714
Promotional	83,138	83,138
Leasehold improvements	<u>62,237</u>	<u>62,237</u>
	350,967	346,089
Less: Accumulated depreciation and amortization	<u>261,207</u>	<u>247,465</u>
	<u>89,760</u>	<u>98,624</u>
OTHER ASSETS		
Investments	<u>518,806</u>	<u>395,137</u>
	<u>\$ 1,190,973</u>	<u>\$ 1,151,402</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable - Trade	\$ 122,579	\$ 129,934
Payable to Canton Regional Chamber of Commerce	9,076	6,506
Accrued expenses	16,544	23,009
Deferred income	<u>8,222</u>	<u>8,222</u>
	156,421	167,671
COMMITMENTS		
UNRESTRICTED NET ASSETS	<u>1,034,552</u>	<u>983,731</u>
	<u>\$ 1,190,973</u>	<u>\$ 1,151,402</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
County motel/hotel tax receipts	\$ 889,287	\$ 773,035
Visitor Information Center - Airport participation	17,000	17,000
Special projects	1,550	11,075
Contributions		7,915
Investment income	<u>11,450</u>	<u>12,015</u>
	<u>919,287</u>	<u>821,040</u>
EXPENSES		
Convention Department	248,469	222,411
Sports Promotion Department	248,010	244,224
Tourism Department	285,796	270,580
Tourist Information Center - Pro Football Hall of Fame	60,466	53,111
Visitor Information Center - Akron-Canton Airport	<u>25,725</u>	<u>27,979</u>
	<u>868,466</u>	<u>818,305</u>
CHANGE IN NET ASSETS	50,821	2,735
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>983,731</u>	<u>980,996</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 1,034,552</u>	<u>\$ 983,731</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS PROVIDED FROM OPERATING ACTIVITIES		
Change in net assets	\$ 50,821	\$ 2,735
Noncash items included in activities		
Depreciation and amortization	13,742	15,101
Loss on investments	20,468	12,433
Increase (decrease) in cash caused by changes in current items:		
Accounts receivable	(33,602)	1,910
Prepaid expenses	391	(2,640)
Accounts payable - Trade	(7,355)	(22,938)
Payable to Canton Regional Chamber of Commerce	2,570	959
Accrued expenses	(6,465)	4,841
Deferred income		(4,956)
Net cash flow provided from operations	<u>40,570</u>	<u>7,445</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Proceeds from investment maturities	558,867	157,382
Purchase of investments	(703,004)	(249,360)
Purchase of property and equipment	(4,878)	(13,411)
	<u>(149,015)</u>	<u>(105,389)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(108,445)	(97,944)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>455,031</u>	<u>552,975</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 346,586</u>	<u>\$ 455,031</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Canton/Stark County Convention and Visitors' Bureau (the CVB) is operated as a department of the Canton Regional Chamber of Commerce (the Chamber), a non-profit organization exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The activities of the CVB are reported separately from those of the Chamber. The Chamber has responsibility for the overall fiduciary fiscal control and direction of the CVB. Transactions between the CVB and the Chamber are for the reimbursement of direct expenses.

The Chamber provides the CVB with full bookkeeping services and auditing services by an outside certified public accounting firm, without cost, and rental of suitable office space (providing heat, light, air conditioning, water, waste disposal, and janitorial services) at 12.5% below the established market price for such space. Total rent expense amounted to \$15,690 and \$14,960 in 2004 and 2003, respectively. Also, the Chamber provides insurance on the building and the contents of the CVB's office, bonding of all CVB employees up to \$50,000 per employee, and liability insurance for libel for all CVB employees. In addition, the CVB is entitled to use, without charge and at mutually agreeable times, various items of office equipment, audio visual equipment, photographic equipment, and furniture which the Chamber may have available from time to time, and the Chamber's meeting rooms.

The purpose of the CVB is to spotlight Stark County as a travel and tourism destination through target market advertising efforts and creation of fulfillment publications. The CVB also promotes the community as a successful meeting, convention, and trade show destination. All levels of sporting events, statewide and nationwide, are actively solicited and secured by the CVB.

Revenue Recognition

All contributions are considered available for unrestricted use, unless received with donor stipulations that limit the use of the assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donations whose stipulations are met in the year received are recorded as unrestricted support.

Substantially all of CVB's revenue comes from the County motel/hotel tax, which is accounted for on the accrual basis based on reports from Stark County. At December 31, 2004 and 2003, amounts due from the County amounted to \$201,040 and \$167,715, respectively.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Contributed Goods and Services

A significant portion of the CVB's sporting events and programs are conducted by unpaid volunteers. No amounts have been recorded for these volunteer efforts.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Cash and Cash Equivalents

The CVB considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. In addition, the CVB maintains cash balances at major financial institutions which may, at times, exceed federally insured amounts.

Receivables and Credit Policies

Accounts receivable includes hotel/motel tax receivable. These amounts are due under various payment terms. Payments of receivables are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected.

The CVB provides an allowance for uncollectible accounts. However, in the opinion of management, at December 31, 2004 and 2003, all accounts were considered collectible and no allowance was necessary.

Property and Equipment

Depreciation and amortization of property and equipment is computed by the straight-line method over the estimated useful lives of individual assets of 5 to 40 years. Depreciation and amortization expense was \$13,742 and \$15,101 for the years ended December 31, 2004 and 2003, respectively.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments at December 31, 2004 and 2003 are carried at fair value (which approximates cost). Investments in securities with readily determinable fair values are reported at published fair market values and realized and unrealized gains and losses are reflected in the statement of activities. Investments at December 31, 2004 and 2003 consist primarily of corporate bonds.

Advertising

Advertising costs are expensed as incurred and amounted to \$66,658 and \$65,177 for 2004 and 2003, respectively.

2. INVESTMENT INCOME

Investment income is recorded in the aggregate on the statement of activities and consists of the following at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Interest	\$ 31,918	\$ 24,448
Realized and unrealized loss on investments - Net	<u>(20,468)</u>	<u>(12,433)</u>
	<u>\$ 11,450</u>	<u>\$ 12,015</u>

3. DEFERRED INCOME

The CVB received a \$25,000 grant in 2001 from the State of Ohio Department of Administrative Services. The grant is for capital improvements at the tourist information centers. The grant is recorded as deferred income until the capital improvements are completed. During 2003, \$7,915 was expended for capital improvements. No amounts were expended for capital improvements in 2004 under this grant. At December 31, 2004, \$5,263 is available for future capital improvements.

4. LEASES

The CVB leases two facilities on a month-to-month basis. Rental expense for operating leases (facilities and office equipment) amounted to \$22,539 and \$20,360 during 2004 and 2003, respectively.

NOTES TO THE FINANCIAL STATEMENTS

5. RETIREMENT PLAN

The CVB's employees participate in the Chamber's 401(k) defined contribution profit-sharing plan which covers substantially all full-time employees. Under this plan, the CVB will match employee contributions up to 3% of their gross wages. In addition, the CVB may make discretionary contributions to the plan.

Contributions to the above plan amounted to \$12,787 and \$15,705 in 2004 and 2003, respectively.

BOARD OF DIRECTORS
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CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

We have audited the financial statements of the Canton/Stark County Convention and Visitors' Bureau (the CVB) (a department of the Canton Regional Chamber of Commerce) for the year ended December 31, 2004 and have issued our report thereon dated April 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the CVB'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 caused by error or fraud 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. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the organization in a separate letter dated April 13, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CVB's financial statements are free of 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 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 or other matters that are required to be reported herein under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, management, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

Cohen & Company

April 13, 2005
Cleveland, Ohio



**Auditor of State
Betty Montgomery**

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CANTON/STARK COUNTY COVENTION AND VISITORS' BUREAU

STARK 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
AUGUST 4, 2005**