

**Audited Financial Statements and  
Other Financial Information**

**Akron/Summit Convention & Visitors Bureau, Inc.**

**December 31, 2004 and 2003**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Akron/Summit Convention & Visitors Bureau, Inc.  
77 E. Mill Street  
Akron, Ohio 44308-1401

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, 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 Akron/Summit Convention & Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

April 6, 2005

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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, 2004 and 2003, 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, 2004 and 2003, 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, 2005 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. 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.

*Bruner-Cox, LLP*

January 24, 2005

**STATEMENTS OF FINANCIAL POSITION**

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

**December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash	\$ 79,158	\$ 115,384
Money market funds	1,453,484	1,712,102
<b>Cash and cash equivalents</b>	<b>1,532,642</b>	<b>1,827,486</b>
Accounts receivable less allowance for doubtful accounts of \$130,023 in 2004 and \$155,023 in 2003	680,175	472,773
Accounts receivable - Summit County	391,411	430,451
Inventory	52,933	55,039
Prepaid expenses	92,908	89,145
Property and equipment, net of accumulated depreciation	883,839	950,612
	<u>\$ 3,633,908</u>	<u>\$ 3,825,506</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 113,721	\$ 91,744
Accrued expenses	56,688	87,453
Note payable	9,149	12,941
Capital lease obligation	10,520	12,988
Deferred revenues	106,438	123,179
<b>Total liabilities</b>	<b>296,516</b>	<b>328,305</b>
 <b>Net assets</b>		
Unrestricted	1,538,683	1,965,912
Temporarily restricted	1,798,709	1,531,289
	<u>3,337,392</u>	<u>3,497,201</u>
	<u>\$ 3,633,908</u>	<u>\$ 3,825,506</u>

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, 2004 and 2003**

	2004	2003
<b>UNRESTRICTED REVENUE</b>		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,665,020	1,657,927
Space income	547,069	480,972
Food service	1,031,569	1,243,469
Ancillary service	702,967	756,288
Investment and other income	41,720	42,937
<b>Total unrestricted revenue</b>	<b>4,163,345</b>	<b>4,356,593</b>
<b>EXPENSES</b>		
Salaries and wages	1,561,644	1,563,945
Payroll taxes and employee benefits	360,745	329,156
Property insurance	124,878	123,639
Telephone	64,135	60,730
Utilities	333,435	294,673
Promotion	130,467	116,618
Bad debt expense - net of recoveries	(19,300)	-
Advertising and printing	184,427	190,476
Office supplies and accessories	8,825	13,052
Postage	24,400	25,037
Dues and subscriptions	12,860	16,184
Professional fees	88,558	69,287
Travel	23,375	28,594
Parking	16,530	13,145
Maintenance and repairs	211,566	182,047
Contracted services	346,810	276,659
Food services	485,851	551,963
Auto lease	10,908	11,619
Audiovisual	72,181	143,707
Trust fees	1,998	3,417
Trade shows	12,875	19,877



**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, 2004 and 2003

	2004	2003
<b>EXPENSES (Continued)</b>		
Video conferencing	\$ 7,223	\$ 12,571
(Gain) loss on disposal of fixed assets	(3,750)	539
Miscellaneous	11,654	15,643
Depreciation	263,767	237,392
Interest	1,527	1,374
	<b>4,337,589</b>	4,301,344
<b>Total expenses</b>		
	<b>\$ (174,244)</b>	\$ 55,249
<b>Increase (decrease) in unrestricted net assets</b>		

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, 2004 and 2003

	2004	2003
<b>UNRESTRICTED NET ASSETS</b>		
Total unrestricted revenue	\$ 4,163,345	\$ 4,356,593
Total unrestricted expenses	(4,337,589)	(4,301,344)
Depreciation funding	(252,985)	(232,001)
	<hr/>	<hr/>
<b>Decrease in net unrestricted assets</b>	(427,229)	(176,752)
<b>TEMPORARILY RESTRICTED ASSETS</b>		
Investment income	14,435	10,253
Depreciation funding	252,985	232,001
	<hr/>	<hr/>
<b>Increase in temporarily restricted assets</b>	267,420	242,254
<b>Increase (decrease) in net assets</b>	(159,809)	65,502
<b>NET ASSETS, BEGINNING OF YEAR</b>	<hr/>	<hr/>
	3,497,201	3,431,699
<b>NET ASSETS, END OF YEAR</b>	<hr/> <hr/>	<hr/> <hr/>
	\$ 3,337,392	\$ 3,497,201

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, 2004 and 2003**

	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (159,809)	\$ 65,502
Noncash items included in increase (decrease) in net assets		
Depreciation	263,767	237,392
(Gain) loss on disposal of fixed assets	(3,750)	539
Changes in assets and liabilities		
Accounts receivable	(207,402)	443,344
Accounts receivable - Summit County	39,040	5,134
Inventory	2,106	(5,264)
Prepaid expenses	(3,763)	8,209
Accounts payable	21,977	19,610
Accrued expenses	(30,765)	9,162
Deferred revenues	(16,741)	(540,246)
<b>Cash provided by (used in) operating activities</b>	<b>(95,340)</b>	<b>243,382</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(196,994)	(220,106)
Proceeds from sale of fixed assets	3,750	100
<b>Cash used in investing activities</b>	<b>(193,244)</b>	<b>(220,006)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	14,509
Payments on borrowings	(6,260)	(4,648)
<b>Cash provided by (used in) financing activities</b>	<b>(6,260)</b>	<b>9,861</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(294,844)</b>	<b>33,237</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,827,486</b>	<b>1,794,249</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,532,642</b>	<b>\$ 1,827,486</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,527	\$ 1,374

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 and Allowance for Doubtful Accounts**

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. 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. Management determines the allowance for doubtful accounts by identifying delinquent accounts and by using historical experience. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

##### **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.

**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).

**Reclassifications**

Certain information previously reported in the December 31, 2003 financial statements has been reclassified to conform to the current year presentation.

**Note 2. Property and Equipment**

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

	Bureau		Center		Total	
	2004	2003	2004	2003	2004	2003
Furniture and fixtures	\$ 62,333	\$ 62,333	\$ 1,074,908	\$ 894,531	\$ 1,137,241	\$ 956,864
Computer software	-	-	175,444	172,495	175,444	172,495
Vehicles	26,956	26,956	-	-	26,956	26,956
Leasehold improvements	-	-	1,190,468	1,176,802	1,190,468	1,176,802
	89,289	89,289	2,440,820	2,243,828	2,530,109	2,333,117
Less accumulated depreciation	86,593	75,811	1,559,677	1,306,694	1,646,270	1,382,505
	<u>\$ 2,696</u>	<u>\$ 13,478</u>	<u>\$ 881,143</u>	<u>\$ 937,134</u>	<u>\$ 883,839</u>	<u>\$ 950,612</u>

Depreciation expense was \$263,767 and \$237,392 for 2004 and 2003, respectively.

**Note 3. Money Market Funds**

The Bureau's investment portfolios at December 31 consist of money market funds. Investment income for 2004 and 2003 was \$16,139 and \$13,538, respectively.

## NOTES TO FINANCIAL STATEMENTS

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

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#### **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 2004 and 2003, \$36,416 and \$31,189, respectively, were recorded as expense under this plan.

#### **Note 5. Note Payable**

On January 5, 2001, the Bureau borrowed \$21,956 from a bank at an interest rate of 10.00%. The loan is due on January 4, 2007 and is collateralized by a vehicle. Outstanding balances on the loan were \$9,149 and \$12,941 on December 31, 2004 and 2003, respectively.

#### **Note 6. Commitments**

##### **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.

##### **Capital Lease**

During 2003, the Bureau acquired equipment used in operations through a lease arrangement that has been classified as a capital lease. The equipment has been capitalized at the present value of the future minimum lease payments at the inception of the lease and is being amortized over 60 months. The outstanding balances on the capital lease obligation were \$10,520 and \$12,988 at December 31, 2004 and 2003, respectively.

##### **Employment Contract**

The Bureau has entered into an employment contract with its president through April 24, 2008 that provides for a minimum salary, adjusted annually for cost of living changes, and incentives based on the Bureau's attainment of specified levels of sales and earnings.

#### **Note 7. Temporarily Restricted Net Assets**

Under the term of the lease agreement with the City of Akron discussed in Note 6, 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 and investment income annually to comply with this external restriction.

**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 2004 and 2003 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.

*Brunner-Cox, LLP*

Akron, Ohio  
January 24, 2005

**SCHEDULES OF ACTIVITIES – BUREAU**

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

**For the years ended December 31, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>UNRESTRICTED REVENUE</b>		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,665,020	1,657,927
Investment and other income	23,441	19,371
	<b>1,863,461</b>	<b>1,852,298</b>
<b>EXPENSES</b>		
Salaries and wages	359,560	374,858
Payroll taxes and employee benefits	84,873	81,601
Property insurance	20,769	18,236
Telephone	18,664	20,590
Promotion	79,337	92,141
Advertising and printing	134,709	126,645
Office supplies and accessories	4,582	6,908
Postage	14,934	16,116
Dues and subscriptions	8,954	10,940
Professional fees	55,035	33,476
Travel	22,254	25,075
Maintenance and repairs	21,872	16,078
Auto lease	6,259	6,723
Trust fees	1,998	3,417
Trade shows	12,105	13,454
Miscellaneous	959	5,746
Depreciation	10,782	5,391
Interest	1,527	1,374
	<b>859,173</b>	<b>858,769</b>
<b>Total expenses</b>	<b>859,173</b>	<b>858,769</b>
<b>Net excess revenues</b>	<b>\$ 1,004,288</b>	<b>\$ 993,529</b>



**SCHEDULES OF ACTIVITIES – CENTER**

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

For the years ended December 31, 2004 and 2003

	2004	2003
<b>UNRESTRICTED REVENUE</b>		
Space income	\$ 547,069	\$ 480,972
Food service, net	1,031,569	1,243,469
Ancillary service	702,967	756,288
Investment and other income	18,279	23,566
<b>Total unrestricted revenue</b>	<b>2,299,884</b>	<b>2,504,295</b>
<b>EXPENSES</b>		
Salaries and wages	1,202,084	1,189,087
Payroll taxes and employee benefits	275,872	247,555
Property insurance	104,109	105,403
Telephone	45,471	40,140
Utilities	333,435	294,673
Promotion	51,130	24,477
Bad debt expense - net of recoveries	(19,300)	-
Advertising and printing	49,718	63,831
Office supplies and accessories	4,243	6,144
Postage	9,466	8,921
Dues and subscriptions	3,906	5,244
Professional fees	33,523	35,811
Travel	1,121	3,519
Parking	16,530	13,145
Maintenance and repairs	189,694	165,969
Contracted services	346,810	276,659
Food services	485,851	551,963
Auto lease	4,649	4,896
Audiovisual	72,181	143,707
Trade shows	770	6,423
Video conferencing	7,223	12,571
Miscellaneous	10,695	9,897
Depreciation	252,985	232,001
(Gain) loss on disposal of fixed assets	(3,750)	539
<b>Total expenses</b>	<b>3,478,416</b>	<b>3,442,575</b>
<b>Net excess expenses</b>	<b>\$ (1,178,532)</b>	<b>\$ (938,280)</b>



**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, 2004, and have issued our report thereon dated January 24, 2005. 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, 2005



**Auditor of State  
Betty Montgomery**

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**AKRON/SUMMIT CONVENTION AND VISITORS BUREAU**

**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 4, 2006**