



CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2005 AND 2004



**Auditor of State
Betty Montgomery**

Board of Directors
Canton/Stark County Convention and Visitors Bureau and the
Canton Regional Chamber of Commerce
North Canton, Ohio

We have reviewed the *Independent Auditors' Report* of the Canton/Stark County Convention and Visitors Bureau, a department of the Canton Regional Chamber of Commerce, prepared by Cohen & Company, for the audit period January 1, 2005 through December 31, 2005. 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 County Convention and Visitors Bureau, a department of the Canton Regional Chamber of Commerce is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 19, 2006

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CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

DECEMBER 31, 2005 AND 2004

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BOARD OF DIRECTORS
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, 2005 and 2004, and the related statements of activities and cash flows for the years 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 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 the Canton/Stark County Convention and Visitors' Bureau as of December 31, 2005 and 2004, and the changes in its 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 April 5, 2006, 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.

April 5, 2006
Cleveland, Ohio

Cohen & Company

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 357,690	\$ 346,586
Accounts receivable	240,240	213,195
Prepaid expenses	<u>13,203</u>	<u>22,626</u>
	<u>611,133</u>	<u>582,407</u>
PROPERTY AND EQUIPMENT - AT COST		
Office equipment	105,464	205,592
Promotional	79,613	83,138
Leasehold improvements	<u>62,237</u>	<u>62,237</u>
	247,314	350,967
Less: Accumulated depreciation and amortization	<u>167,305</u>	<u>261,207</u>
	<u>80,009</u>	<u>89,760</u>
OTHER ASSETS		
Investments	<u>528,809</u>	<u>518,806</u>
	<u>\$ 1,219,951</u>	<u>\$ 1,190,973</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable - Trade	\$ 174,280	\$ 122,579
Payable to Canton Regional Chamber of Commerce	9,283	9,076
Accrued expenses	15,878	16,544
Deferred income	<u>8,222</u>	<u>8,222</u>
	207,663	156,421
COMMITMENTS		
UNRESTRICTED NET ASSETS	<u>1,012,288</u>	<u>1,034,552</u>
	<u>\$ 1,219,951</u>	<u>\$ 1,190,973</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004*</u>
REVENUES		
County motel/hotel tax receipts	\$ 880,748	\$ 889,287
Visitor Information Center - Airport participation	17,000	17,000
OHSAA Football Championship	136,753	120,803
Special projects	10	1,550
Investment income	<u>10,648</u>	<u>11,450</u>
	<u>1,045,159</u>	<u>1,040,090</u>
EXPENSES		
Convention Department	257,264	248,469
Sports Promotion Department	382,840	368,813
Tourism Department	332,789	285,796
Tourist Information Center - Pro Football Hall of Fame	63,225	60,466
Visitor Information Center - Akron-Canton Airport	<u>31,305</u>	<u>25,725</u>
	<u>1,067,423</u>	<u>989,269</u>
CHANGE IN NET ASSETS	(22,264)	50,821
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>1,034,552</u>	<u>983,731</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 1,012,288</u>	<u>\$ 1,034,552</u>

**Reclassified to conform to current year presentation.*

The accompanying notes are an integral part of these statements.

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
CASH FLOW PROVIDED FROM OPERATING ACTIVITIES		
Change in net assets	\$ (22,264)	\$ 50,821
Noncash items included in activities		
Depreciation and amortization	12,127	13,742
Unrealized loss on investments	14,600	20,468
Increase (decrease) in cash caused by changes in current items:		
Accounts receivable	(27,045)	(33,602)
Prepaid expenses	9,423	391
Accounts payable - Trade	51,701	(7,355)
Payable to Canton Regional Chamber of Commerce	207	2,570
Accrued expenses	(666)	(6,465)
Net cash flow provided from operations	<u>38,083</u>	<u>40,570</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Proceeds from investment maturities	105,213	558,867
Purchase of investments	(129,816)	(703,004)
Purchase of property and equipment	(2,376)	(4,878)
	<u>(26,979)</u>	<u>(149,015)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,104	(108,445)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>346,586</u>	<u>455,031</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 357,690</u>	<u>\$ 346,586</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 in both 2005 and 2004. 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 CVB was organized in 1980 for the purpose of spotlighting Stark County (the 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, 2005 and 2004, amounts due from the County amounted to \$200,251 and \$201,040, 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. Accordingly, certain costs have been allocated among the various programs.

Cash and Cash Equivalents

The CVB considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. 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 and other revenues 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.

In the opinion of management, at December 31, 2005 and 2004, 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. Property and equipment are valued at cost if purchased and fair value if contributed. Depreciation and amortization expense was \$12,127 and \$13,742 for the years ended December 31, 2005 and 2004, respectively.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments at December 31, 2005 and 2004, are carried at fair value. 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, 2005 and 2004, consist primarily of corporate bonds and asset-backed securities.

Advertising

Advertising costs are expensed as incurred and amounted to \$86,177 and \$66,658 for 2005 and 2004, respectively.

2. INVESTMENT INCOME

Investment income is recorded in the aggregate on the statement of activities and consists of the following for 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Interest	\$ 25,248	\$ 31,918
Unrealized loss on investments - Net	<u>(14,600)</u>	<u>(20,468)</u>
	<u>\$ 10,648</u>	<u>\$ 11,450</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. No amounts were expended for capital improvements in 2005 or 2004 under this grant. At December 31, 2005 and 2004, \$5,263 in both years was 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 \$23,191 and \$22,539 during 2005 and 2004, respectively, including the amounts paid to the Chamber.

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 \$15,678 and \$12,787 in 2005 and 2004, respectively.

BOARD OF DIRECTORS
CANTON REGIONAL CHAMBER OF COMMERCE
AND
BOARD OF DIRECTORS
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, 2005, and have issued our report thereon dated April 5, 2006. 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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 5, 2006.

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 5, 2006
Cleveland, Ohio



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**CANTON/STARK COUNTY CONVENTION 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
JUNE 29, 2006**