

**Audited Financial Statements and
Other Financial Information**

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

December 31, 2008 and 2007

BRUNER-COX LLP

Business Consultants & Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Directors
Akron-Summit Convention & Visitors Bureau, Inc.
77 East Mill Street
Akron, Ohio 44308-1401

We have reviewed the *Independent Auditors' Report* of the Akron-Summit Convention & Visitors Bureau, Inc., Summit County, prepared by Bruner-Cox, LLP, for the audit period January 1, 2008 through December 31, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 27, 2009

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets of Akron/Summit Convention & Visitors Bureau, Inc. (ASCVB) as of December 31, 2008 and 2007, and the related statements of revenue, expenses and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of ASCVB'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 consideration of internal control financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for expressing an opinion on the effectiveness of the organization's internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 assets of Akron/Summit Convention & Visitors Bureau, Inc. as of December 31, 2008 and 2007, and the results of their operations and 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 March 19, 2009 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, 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.

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

Management's discussion and analysis information on pages 3 - 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Brunner. Cox, LLP

Canton, Ohio
March 19, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2008 and 2007

The following Management Discussion and Analysis (MD&A) provides a summary overview of the financial performance of the Akron/Summit Convention & Visitors Bureau, Inc. (herein referred to as the ASCVB) for the years ended December 31, 2008 and 2007. This information in the MD&A should be read in conjunction with ASCVB's financial statements and corresponding notes to the financial statements.

Financial Highlights and Outlook

- Assets exceeded liabilities for ASCVB by \$2,433,630
- Net assets increased by \$531,659
- Market share increased in 2008 and is expected to continue a modest increase in 2009. The major factors of this summation are:
 - A 1% Bed Tax increase took effect in November of 2007 with 2008 being the first full year for reporting. Original estimates were \$400,000 - \$500,000 in additional gross collections
 - Based on efforts by the Summit County Fiscal Office Delinquent Bed Tax payments were in excess of \$400,000
 - Repeat and frequent demand suppliers are regional & national events, state association conventions and convention center based trade shows
 - Adult and youth sporting groups provide solid shoulders to the historically high occupancy summer months
 - Efforts in a four county Sports Consortium "Sp4rts Ohio" have proven fruitful in generating larger scale events to the area impacting the Bureau and the Center
 - A growing business core and corridor continue to provide year round frequent business travelers
 - A recently increased Federal Room Rate Per Diem provides excellent RevPAR within the Government marketplace
 - State Ohio Division of Tourism spending increase to provide regional and national exposure to the State as a destination
 - Energies have been focused on remaining fluid with trends of the marketplace to fill calendar gaps and increase occupancy during slower time periods
 - Increased efforts in niche specific market segments
 - i.e., Corporate express packages, Wedding "All-Inclusive Pricing" packages,
 - Customized amenities and customer service offerings
 - i.e., Concierge, restaurant listings, welcome campaign at hotels
 - Hotel market has continued to stay on pace to provide ample occupancy levels to support cash flow surplus resulting in renovations, capital improvements and re-investment into hotel properties

MANAGEMENT DISCUSSION AND ANALYSIS
AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.
For the years ended December 31, 2008 and 2007

Challenges

Future of the Leisure Travel Market due to fluctuating fuel prices and diminished disposable income expenditures

- Two non-flag hotels in the downtown marketplace challenges the ability to confirm City-Wide conventions during this transitional time period
- Market share continues to decrease in the motor coach market with trends leaning to more interactive, “free-style” and non-scheduled travel for the senior market
- Efforts continue to be made to grow our emersion, experiential and niche travel markets re: bird watching, cooking, wine tasting

Overview of the Financial Statements

ASCVB’s financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, promulgated by the Governmental Accounting Standards Board (GASB).

The basic financial statements of ASCVB together with the notes, which are essential to a full understanding of the data contained in the financial statements, are the following:

- Statements of Net Assets – These statements present information on all ASCVB’s assets and liabilities, with the difference between the two reported as net assets.
- Statements of Revenues, Expenses and Changes in Net Assets – These statements show how ASCVB’s net assets have changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.
- Statements of Cash Flows – These statements report cash and cash equivalent activities for the year resulting from operating, capital and related financial activities, and investing activities.
- The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2008 and 2007

Financial Analysis of ASCVB's Net Assets and Revenues, Expenses and Changes in Net Assets

The tables below provide a summary of ASCVB's financial position and operations for 2008 and 2007. ASCVB implemented Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments in 2007. Certain amounts may vary slightly due to differences caused by rounding to thousands.

Condensed Statements of Net Assets December 31, (Amounts in Thousands)

	2008	2007	Change
Current assets	\$ 2,157	\$ 1,749	\$ 408
Property and equipment, net of accumulated depreciation and amortization	874	599	275
Other assets	746	552	194
Total assets	\$ 3,777	\$ 2,900	\$ 877
Current liabilities	\$ 536	\$ 453	\$ 83
Long-term liabilities	807	543	264
Total liabilities	\$ 1,343	\$ 996	\$ 347
Unrestricted	\$ 465	\$ (264)	\$ 729
Restricted for capital assets	1,969	2,166	(197)
Total net assets	\$ 2,434	\$ 1,902	\$ 532

During 2008, net assets increased by \$532,000. The majority of this increase was due to the following:

Cash and investments increased by \$600,000 as a result of an increase in bed tax and a reduction in expenses. Overall liabilities increased by \$347,000 primarily due to a capital lease obligation incurred during the year. The outlook for 2009 indicates an increase in net assets as a result of an increase in scheduled events.

MANAGEMENT DISCUSSION AND ANALYSIS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2008 and 2007

The following table summarized the changes in revenues and expenses for ASCVB between 2007 and 2008:

Condensed Statements of Revenues, Expenses, and Changes in Net Assets
Years ended December 31,
(Amounts in Thousands)

	2008	2007	Change
OPERATING REVENUES			
Hotel/motel tax	\$ 3,138	\$ 2,400	\$ 738
Space, food and ancillary service	2,175	2,210	(35)
Total operating revenue	5,313	4,610	703
OPERATING EXPENSES			
Payroll and benefits	2,197	2,032	165
Property insurance	111	114	(3)
Utilities	469	441	28
Advertising and promotion	411	294	117
Supplies	45	45	-
Maintenance and repairs	215	169	46
Contracted services	415	336	79
Food services	504	675	(171)
Other	246	207	39
Bad debt expense - net of recoveries	-	(91)	91
Total expenses	4,613	4,222	391
Operating income before depreciation	700	388	312
Depreciation and amortization	217	250	(33)
Operating income after depreciation	483	138	345
NONOPERATING			
Investment and other income	49	64	(15)
Net change in assets	\$ 532	\$ 202	\$ 330

Operating Revenues

Operating revenues consist of a portion of hotel/motel taxes collected on rooms occupied. These revenues are a function of price and occupancy. A hotel/motel tax is levied by Summit County and the City of Akron; these taxes are collected by the County and distributed as revenue to ASCVB for operations. The remaining revenues largely come from convention facility sales. There was a 1% increase to the bed tax at the end of 2007.

MANAGEMENT DISCUSSION AND ANALYSIS
AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2008 and 2007

Operating Expenses

Operating expenses increased by \$390,000 primarily due to increases in salaries and benefits and promotional and advertising expense increases.

Capital Assets

At the end of 2008, ASCVB had \$874,000 net of accumulated depreciation, invested in capital assets. The investment in capital assets includes improvement to the John S. Knight Convention Center. The lease of a chiller unit that was recognized as a capital lease was the most significant asset purchased during 2008.

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets.

Economic Factors

Despite strained economic factors, ASCVB has been able to contain costs. A 1% increase in the bed tax from 3-1/2% to 4-1/2% at the end of 2007 increased available cash and resulted in a positive change in net assets. ASCVB anticipates a flat revenue stream and will continue to contain costs to stay within the operating budget.

Contacting ASCVB's Financial Management

This report is designed to provide a general overview of ASCVB's finance for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Executive Director, Akron/Summit Convention & Visitors Bureau, Inc., 77 E Mill Street, Akron, Ohio 44308.

STATEMENTS OF NET ASSETS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

December 31, 2008 and 2007

ASSETS	2008	2007
Current assets		
Cash and cash equivalents	\$ 1,122,157	\$ 522,120
Short-term investments	-	293,984
Accounts receivable less allowance for doubtful accounts of \$53,954 in 2008 and \$50,000 in 2007	144,253	183,899
Accounts receivable - Summit County	683,594	606,035
Inventory	54,241	50,058
Prepaid expenses	152,136	92,679
Total current assets	2,156,381	1,748,775
Capital assets		
Property and equipment, net of accumulated depreciation and amortization	874,346	599,164
Long-term assets		
Accounts receivable, net of current	437,701	551,847
Long-term investments	308,557	-
Total long-term assets	746,258	551,847
Total assets	\$ 3,776,985	\$ 2,899,786

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

LIABILITIES AND NET ASSETS	2008	2007
Current liabilities		
Capital lease obligation, current portion	\$ 66,938	\$ 2,006
Accounts payable	81,939	75,830
Accrued expenses	133,651	67,347
Deferred revenues and customer deposits, current portion	253,760	310,044
Total current liabilities	536,288	455,227
Long-term liabilities		
Capital lease obligation, net of current	261,479	-
Deferred revenue and customer deposits, net of current	545,588	542,588
Total long-term assets	807,067	542,588
Total liabilities	\$ 1,343,355	\$ 997,815
Net assets		
Unrestricted	\$ 464,657	\$ (264,499)
Restricted for capital assets	1,968,973	2,166,470
Total net assets	\$ 2,433,630	\$ 1,901,971

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Summit County	\$ 2,937,981	\$ 2,199,164
City of Akron	200,000	200,000
Space income	258,392	326,512
Food service	1,126,736	1,222,534
Ancillary service	785,950	662,092
Everything Akron Store	3,691	-
Total operating revenues	5,312,750	4,610,302
OPERATING EXPENSES		
Salaries and wages	1,816,886	1,670,808
Payroll taxes and employee benefits	379,965	360,524
Property insurance	111,052	114,064
Telephone	41,266	39,022
Utilities	428,169	401,964
Promotion	265,233	146,718
Bad debt expense - net of recoveries	21	(91,217)
Advertising and printing	145,936	146,951
Office supplies and accessories	12,622	13,214
Postage	21,024	24,921
Dues and subscriptions	11,732	6,640
Professional fees	66,158	71,172
Travel	37,218	33,446
Maintenance and repairs	214,667	168,806
Contracted services	414,851	336,114
Food services	503,610	675,410
Auto lease	16,866	16,233
Audiovisual	56,009	31,925
Trust fees	522	1,319
Trade shows	14,709	11,935
Video conferencing	10,264	12,099
Parking	557	-
Miscellaneous	43,494	29,985
Total operating expenses	4,612,831	4,222,053
Operating income before depreciation	699,919	388,249
Depreciation and amortization	217,327	250,348
Operating income	482,592	137,901

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

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2008 and 2007

	2008	2007
NONOPERATING REVENUES (EXPENSES)		
Loss on disposal of assets	\$ (10,880)	\$ -
Interest expense	(16,790)	-
Investment and other income	76,737	63,724
	<hr/>	<hr/>
Total nonoperating revenues	49,067	63,724
	<hr/>	<hr/>
Change in net assets	531,659	201,625
	<hr/>	<hr/>
NET ASSETS, BEGINNING OF YEAR	1,901,971	1,700,346
	<hr/>	<hr/>
NET ASSETS, END OF YEAR	\$ 2,433,630	\$ 1,901,971
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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, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATIONS		
Cash received from customers, taxes and subsidies	\$ 5,335,699	\$ 4,508,566
Cash received from interest income	76,737	63,724
Cash payments to suppliers for goods and services	(2,481,670)	(2,220,975)
Cash payments to employees for services	(2,130,547)	(2,019,944)
Cash payments for interest	(16,790)	-
Cash provided by operations	783,429	331,371
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on capital lease obligations	(47,779)	(3,250)
Cash used in capital financing activities	(47,779)	(3,250)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(129,199)	(35,939)
Proceeds from redemption of investments	302,143	-
Purchase of investments	(308,557)	(292,993)
Cash used in investing activities	(135,613)	(328,932)
Increase (decrease) in cash and cash equivalents	600,037	(811)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	522,120	522,931
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,122,157	\$ 522,120
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 531,659	\$ 201,625
Noncash items included in increase (decrease) in net assets		
Depreciation and amortization	217,327	250,348
Unrealized gain on investments	(8,159)	(991)
Loss on disposal of assets	10,880	-
Changes in assets and liabilities		
Accounts receivable	153,792	28,557
Accounts receivable - Summit County	(77,559)	(120,615)
Inventory	(4,183)	13,890
Prepaid expenses	(59,457)	(3,789)
Accounts payable	6,109	(39,364)
Accrued expenses	66,304	11,388
Deferred revenues and customer deposits	(53,284)	(9,678)
Cash provided by operating activities	\$ 783,429	\$ 331,371

STATEMENTS OF CASH FLOWS (CONTINUED)

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2008 and 2007

	2008	2007
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Interest paid	<u>\$ 16,790</u>	<u>\$ -</u>
 SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Capital lease obligation incurred for the use of equipment	<u>\$ (374,190)</u>	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Akron/Summit Convention & Visitors Bureau, Inc. (ASCVB) is a non-profit organization governed by a Board of Directors comprised of fifteen (15) members. Appointments are made to the Board of Directors by the City of Akron (8) and the County of Summit (7).

The Board of Directors governs the operation of the Akron/Summit Convention & Visitors Bureau, Inc. (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.

Akron/Summit Convention & Visitors Bureau, Inc. (ASCVB), as defined by Governmental Accounting Standards Board (GASB) Statement No. 14 is a "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Enterprise funds are used to account for the costs of providing goods and services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the government intends to fully recover the cost of the goods or services provided. ASCVB does not meet the above criteria; however, it qualifies for enterprise accounting under the transition rules of GASB 34, whereby it previously reported as a not-for-profit under the American Institute of Certified Public Accountants not-for-profit model at the date of the GASB 34 statement.

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, ASCVB follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. ASCVB also follows Financial Accounting Standards Board Statements and Interpretations, issued after November 30, 1989, that are developed for business enterprises except those that conflict with or contradict GASB pronouncements.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of ASCVB are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets. The statements of cash flows provide information about how ASCVB finances and meets the cash flow needs of its enterprise activity.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 1. Summary of Significant Accounting Policies (Continued)

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

ASCVB maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. ASCVB 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

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

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivables, accounts payable, accrued liabilities, and short-term borrowings, approximates fair value due to the short maturity of these instruments. The carrying amount of capital leases approximates fair value because the fixed rates are based on current rates offered to the ASCVB for debt with similar terms and maturities.

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. Amounts due on events taking place in excess of one year are classified as long term. Management determines the allowance for doubtful accounts by identifying delinquent accounts for events that have taken place during the year and 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 hotel/motel tax collected in the final quarter of the calendar year.

Inventories

Inventories consist of food, beverages and related supplies and are carried at the lower of cost (first in, first out) or market.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Equipment is stated at cost less accumulated depreciation and amortization. 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 and amortization are removed from the accounts and any resulting gain or loss is recognized in income for the period. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets.

Advertising

Advertising costs are expensed when incurred and included in operating expenses. Total advertising cost expensed was \$145,936 and \$146,951 for the years ended December 31, 2008 and 2007, respectively.

Revenue Recognition

ASCVB recognizes revenues at the time persuasive evidence of an arrangement exists, the service is provided or prices are fixed or determinable and collection is reasonably assured.

Deferred Revenues

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

Income Taxes

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

Reclassifications

Certain information included in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation (“FIN”) No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 1. Summary of Significant Accounting Policies (Continued)

In December 2008, the FASB provided for a deferral of the effective date of FIN 48 for certain nonpublic enterprises to annual financial statements for fiscal years beginning after December 15, 2008. The ASCVB has elected this deferral and accordingly will be required to adopt FIN 48 in its 2009 annual financial statements. Prior to adoption of FIN 48, the ASCVB will continue to evaluate its uncertain tax positions and related income tax contingencies under Statement No. 5, *Accounting for Contingencies*. SFAS No. 5 requires the ASCVB to accrue for losses it believes are probable and can be reasonably estimated. Management is currently assessing the impact of FIN 48 on its financial position and results of operations.

ASCVB adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS No. 157) at the beginning of the 2008 calendar year. SFAS No. 157 applies to all assets and liabilities that are being measured and reported on a fair value basis. SFAS No. 157 requires new disclosure that establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the ASCVB performs a detailed analysis of the assets and liabilities that are subject to SFAS No. 157. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The ASCVB holds an investment in a government obligation. This investment is for the year ended December 31, 2008, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Note 2. Property and Equipment

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

2008	Bureau	Center	Total
Furniture, fixtures and equipment	\$ 62,333	\$ 693,569	\$ 755,902
Computer software	-	61,232	61,232
Vehicles	26,956	-	26,956
Leasehold improvements	-	1,515,249	1,515,249
Equipment under capital leases	-	388,699	388,699
	<u>89,289</u>	<u>2,658,749</u>	<u>2,748,038</u>
Less accumulated depreciation and amortization	89,289	1,784,403	1,873,692
	<u>\$ -</u>	<u>\$ 874,346</u>	<u>\$ 874,346</u>

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 2. Property and Equipment (Continued)

2007	Bureau	Center	Total
Furniture and fixtures	\$ 62,333	\$ 1,286,007	\$ 1,348,340
Computer software	-	181,181	181,181
Vehicles	26,956	-	26,956
Leasehold improvements	-	1,465,206	1,465,206
	<u>89,289</u>	<u>2,932,394</u>	<u>3,021,683</u>
Less accumulated depreciation and amortization	89,289	2,333,230	2,422,519
	<u>\$ -</u>	<u>\$ 599,164</u>	<u>\$ 599,164</u>

Depreciation and amortization expense was \$217,327 and \$250,348 for 2008 and 2007, respectively.

Note 3. Investments

ASCVB's investment portfolio at December 31, 2008 consists of a U. S. Treasury note with an interest rate of 4.125% and a maturity date of August 12, 2012. The U. S. Treasury note purchased in 2007 was redeemed on the maturity date of March 31, 2008 and a new treasury note was purchased. Investment income for 2008 and 2007 was \$46,457 and \$30,503, respectively.

Note 4. Retirement Plans

ASCVB sponsors an employee benefit plan, which qualifies under Section 401(k) of the Internal Revenue Code. The Plan covers all employees including those covered by the collective bargaining Union agreement that choose to participate and meet certain age and service requirements. The Plan allows the employees to defer up to 15% of their annual compensation. At its discretion, ASCVB may elect to match employee contributions or make nonelective contributions. During 2008 and 2007, \$51,297 and \$46,534, respectively, were recorded as expense under this Plan.

Note 5. Short-Term Borrowings

In February 2007, ASCVB entered into a loan management account agreement with an investment company. The agreement calls for interest to be charged at a variable interest rate. ASCVB's investment account serves as collateral on the account. The amount available to borrow under this arrangement is limited to a percentage of the market value in the investment account. There was approximately \$284,000 and \$270,500 available under this agreement at December 31, 2008 and 2007, respectively. There were no borrowings under this agreement at December 31, 2008 and 2007, respectively.

Note 6. Commitments and Contingencies

Operating Leases

ASCVB 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.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 6. Commitments and Contingencies (Continued)

ASCVB also leases certain equipment and vehicles under noncancelable leases expiring in various years through 2013. Rental expense for operating leases was \$27,413 and \$26,112 for the year ended December 31, 2008 and 2007, respectively. The following is a schedule by years of future minimum rental payments required under operating leases with terms in excess of one year as of December 31, 2008.

2009	\$	25,289
2010		13,179
2011		11,718
2012		9,863
2013		3,580
	<u>\$</u>	<u>63,629</u>

Capital Lease

ASCVB leases equipment under capital lease arrangements. The asset and liability under these arrangements are recorded at the lower of present value of the minimum lease payments or the fair value of the assets. The equipment held under the capital lease arrangements at December 31, 2008 and 2007 are as follows.

	2008	2007
Equipment and leasehold improvements	\$ 388,699	\$ 14,509
Less accumulated depreciation	34,750	13,058
	<u>\$ 353,949</u>	<u>\$ 1,451</u>

The depreciation on assets acquired under capital leases is included with depreciation expense on owned assets. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2008:

2009	\$	89,842
2010		89,842
2011		89,842
2012		89,842
2013		27,277
Total minimum lease payments		<u>386,645</u>
Less amounts representing interest		<u>58,228</u>
Present value of minimum lease payments		<u>328,417</u>
Less current portion		<u>66,938</u>
	<u>\$</u>	<u>261,479</u>

Employment Contract

ASCVB has an employment contract with an officer that provides for a minimum salary, adjusted annually for cost of living changes, and incentives based on ASCVB's attainment of specified levels of sales and earnings.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 7. Concentrations

Collective Bargaining Agreement

The two full time and the majority of the part-time employees of the John S. Knight Center are covered by a collective bargaining agreement. In July 2008, ASCVB and Union representatives were able to negotiate a new agreement. The new agreement covers the period beginning July 14, 2008 and expires June 30, 2011.

Note 8. Restricted Funds for Capital Assets

Under the term of the lease agreement with the City of Akron discussed in Note 6 , ASCVB is required to "establish and fund a recurring capital cost fund to pay for repairs and maintenance" of the Center and improvements. The amount of restricted funds was \$1,968,973 and \$2,166,470 at December 31, 2008 and 2007, respectively.

INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Board of Directors
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 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 audit 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

Canton, Ohio
March 19, 2009

SCHEDULES OF REVENUE, EXPENSES AND CHANGE IN NET ASSETS – BUREAU

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUE		
Summit County	\$ 2,937,981	\$ 2,199,164
City of Akron	200,000	200,000
Everything Akron Store	3,691	-
	<hr/>	<hr/>
Total operating revenue	3,141,672	2,399,164
OPERATING EXPENSES		
Salaries and wages	440,496	375,942
Payroll taxes and employee benefits	84,674	80,232
Property insurance	17,302	17,081
Telephone	15,747	14,742
Promotion	223,112	103,421
Advertising and printing	116,509	120,912
Office supplies and accessories	4,520	4,887
Postage	12,794	16,675
Dues and subscriptions	8,324	3,710
Professional fees	23,259	44,048
Travel	35,834	25,969
Maintenance and repairs	17,171	16,704
Auto lease	5,945	5,279
Trust fees	522	1,319
Trade shows	14,197	10,198
Miscellaneous	2,483	2,600
	<hr/>	<hr/>
Total operating expenses	1,022,889	843,719
Operating income	2,118,783	1,555,445
NONOPERATING REVENUE		
Investment and other income	76,737	60,231
	<hr/>	<hr/>
Change in net assets	\$ 2,195,520	\$ 1,615,676
	<hr/> <hr/>	<hr/> <hr/>

SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS – CENTER

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2008 and 2007

	2008	2007
OPERATING REVENUE		
Space income	\$ 258,392	\$ 326,512
Food service, net	1,126,736	1,222,534
Ancillary service	785,950	662,092
Total operating revenue	2,171,078	2,211,138
OPERATING EXPENSES		
Salaries and wages	1,376,390	1,294,866
Payroll taxes and employee benefits	295,291	280,292
Property insurance	93,750	96,983
Telephone	25,519	24,280
Utilities	428,169	401,964
Promotion	42,121	43,297
Bad debt expense - net of recoveries	21	(91,217)
Advertising and printing	29,427	26,039
Office supplies and accessories	8,102	8,327
Postage	8,230	8,246
Dues and subscriptions	3,408	2,930
Professional fees	42,899	27,124
Travel	1,384	7,477
Maintenance and repairs	197,496	152,102
Contracted services	414,851	336,114
Food services	503,610	675,410
Auto lease	10,921	10,954
Audiovisual	56,009	31,925
Trade shows	512	1,737
Video conferencing	10,264	12,099
Parking	557	-
Miscellaneous	41,011	27,385
Total operating expenses	3,589,942	3,378,334
Operating loss before depreciation	(1,418,864)	(1,167,196)
Depreciation and amortization	217,327	250,348
Operating loss	(1,636,191)	(1,417,544)

**SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS – CENTER
(CONTINUED)**

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2008 and 2007

	2008	2007
NONOPERATING REVENUE (EXPENSES)		
Loss on disposal of assets	\$ (10,880)	\$ -
Interest expense	(16,790)	-
Investment and other income	-	3,493
	<hr/>	<hr/>
Total nonoperating revenue (expenses)	(27,670)	3,493
	<hr/>	<hr/>
Change in net assets	\$ (1,663,861)	\$ (1,414,051)
	<hr/>	<hr/>

INDEPENDENT AUDITORS' 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

Board of Directors
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, 2008, and have issued our report thereon dated March 19, 2009. 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.

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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Akron/Summit Convention & Visitors Bureau, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Akron/Summit Convention & Visitors Bureau, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

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 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 under Government Auditing Standards.

We noted certain matters that we reported to management of Akron/Summit Convention & Visitors Bureau, Inc. in a separate letter dated March 19, 2009.

This report is intended solely for the information and use of the County of Summit, City of Akron, Board of Directors and management and is not intended to be and should not be used by any one other than those specified parties.

Bruner. Cox, LLP

Canton, Ohio
March 19, 2009



Mary Taylor, CPA
Auditor of State

AKRON-SUMMIT 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 12, 2009**