

**STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY**

**FINANCIAL STATEMENTS
(AUDITED)**

FOR THE YEAR ENDED DECEMBER 31, 2017



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Stark County Convention and Visitors Bureau, Stark County, prepared by Julian & Grube, Inc., for the audit period January 1, 2017 through December 31, 2017. 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 Stark County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 19, 2018

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**STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Stark County Convention & Visitors Bureau
Stark County
222 Market Avenue North
Canton, Ohio 44702

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Stark County Convention & Visitors Bureau, Stark County, Ohio, (a not-for-profit corporation), which comprise the statement of financial position, as of and for the year ended December 31, 2017, the related statements of activities and cash flows, for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing those risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Stark County Convention & Visitors Bureau's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Stark County Convention & Visitors Bureau's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stark County Convention & Visitors Bureau, Stark County, Ohio, as of December 31, 2017, and the changes in its net position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2018, on our consideration of the Stark County Convention & 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stark County Convention & Visitors Bureau's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 14, 2018

FINANCIAL STATEMENTS

**STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

Assets:

Current assets:

Equity in cash and cash equivalents	\$	718,204
Accounts receivable - trade		183,623
Accounts receivable - Stark County		440,126
Prepayments		55,369
Inventory		2,678
		2,678

Total current assets 1,400,000

Investments 695,208

Property & equipment:

Office equipment		102,067
Promotional equipment		60,325
Leasehold equipment		31,021
Exploresboards		95,846
Less: Accumulated Depreciation		(228,016)
		(228,016)

Net property & equipment 61,243

Total assets \$ 2,156,451

Liabilities:

Accounts payable - trade	\$	167,596
Accounts payable - Canton Regional Chamber of Commerce		2,163
Accrued payroll and benefits		1,371
Accrued vacation		32,248
Workers compensation		786
Deferred revenue		20,364
		20,364

Total liabilities 224,528

Net assets:

Unrestricted 1,931,923

Total liabilities and net assets \$ 2,156,451

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Support and revenue:	
County hotel and motel excise tax	\$ 1,609,181
Event registration	3,885
Visitor Information Center - Airport participation	17,000
ExploreBoard Advertising	29,468
Other income	469,377
Investment income	14,938
	2,143,849
Total Support and revenue	
	2,143,849
Expenses:	
General Salaries and benefits	592,130
Visitors Information Center - Salaries and benefits	29,177
General expenses	21,426
ExploreBoards	32,430
Administrative	502,305
Visitors Information Center - Administrative	5,277
Other expenses	731,658
Depreciation	22,808
ExploreBoard Depreciation	19,169
	1,956,380
Total expenses	
	1,956,380
Operating Income	
	187,469
Change in net assets	
	187,469
Net assets at beginning of year	
	1,744,454
Net assets at end of year	
	\$ 1,931,923

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities:	
Change in net assets	\$ 187,469
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	41,977
(Gain) loss on investments at fair value	(442)
(Increase) decrease in assets:	
Accounts receivable - trade	(170,520)
Accounts receivable - Stark County Auditor	(123,509)
Prepaid expenses	(17,789)
Increase (decrease) in liabilities:	
Accounts payable - trade	138,987
Accounts payable - Canton Regional Chamber of Commerce	(8,174)
Accrued vacation	5,009
Salaries payable	87
Workers Compensation	(146)
Deferred revenue	(3,965)
Total adjustments	<u>(138,485)</u>
Net cash provided by (used in) operating activities	<u>48,984</u>
Net increase (decrease) in cash and cash equivalents	48,984
Cash and cash equivalents at beginning of year	669,220
Cash and cash equivalents at end of year	<u><u>\$ 718,204</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Stark County Convention & Visitors Bureau (the “CVB”) was organized in 1980 for the purpose of spotlighting Stark County as a travel and tourism destination through target market advertising efforts and the 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. The CVB receives financial support from Stark County through revenues collected from a motel/hotel room tax.

B. Shared Services

A three year contract was entered between the CVB and the Canton Regional Chamber of Commerce (the “Chamber”) effective January 1, 2016. The CVB leases 1,165 square feet of office space on the first floor premises and 800 square feet of storage space on the lower level of the premises for an agreed upon rental rate. Additional payments are made to the Chamber for the common area condo fees, use of the postage meter, cleaning services, recycling, broadband fees and parking for volunteers. The CVB has also contracted for Marketing, Accounting services, IT Support Service and a one year leadership consulting service at an agreed upon cost to the CVB. The CVB owed the Chamber \$2,163 at December 31, 2017.

C. Basis of Accounting

The financial statements of the CVB have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables and other liabilities.

D. Basis of Presentation

The CVB applies the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. In accordance with the Topic, the CVB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The CVB had no temporarily or permanently restricted net assets at December 31, 2017.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by donors is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

G. Fair Value

The carrying amount of financial instruments, including cash, accounts receivable and accounts payable approximated fair value due to the short maturity of these instruments.

H. Cash Equivalents

Cash equivalents consist of money market instruments with original maturities of three months or less. Cash equivalents are carried at cost, which approximates fair value.

I. Accounts Receivable

The CVB uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at December 31, 2017. Therefore, no allowance for doubtful accounts has been recorded in these financial statements.

J. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains or losses included in the combined statements of activities. Investment income which includes interest, dividends, net realized and unrealized gains or losses on fair value of investments and other investment income is reported in the period earned as increases in unrestricted net assets unless specifically restricted by the donor.

K. Property and Equipment

Property and equipment are valued at cost if purchased and fair value if contributed. Property and equipment over \$500 is capitalized. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets. Leasehold improvements generally are depreciated over 20 to 45 years while office equipment, promotional items and vehicles are generally depreciated over 3 to 15 years. Depreciation expense for the year ended December 31, 2017 was \$41,977.

L. Revenue Recognition

Revenue and expenses are recorded on the accrual basis. County motel/hotel room tax is recognized as earned in the period in which applicable tax receipts are collected.

**STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Inventory

Inventory consists of supplies and is stated at the lower of cost or fair market value.

N. Income Taxes

The CVB is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code, except for advertising revenue and program administration fees which are subject to unrelated business income tax. There is no provision for unrelated business income taxes at December 31, 2017. The CVB's federal income tax returns for 2014, 2015, 2016 and 2017 are subject to examination by the IRS, generally for three years after they were filed. Management has evaluated the effect of accounting guidance regarding uncertain income tax positions and concluded the CVB has no significant financial statement exposure to uncertain tax positions. The CVB is not currently under audit by any tax jurisdiction.

O. Advertising Costs

Advertising costs are expensed as incurred and amounted to \$100,240 for the year ended December 31, 2017.

P. Contributed Services

A significant portion of the CVB's sporting events and programs are conducted by unpaid volunteers. The value of these contributed services is not reflected in the financial statements because these services do not meet the criteria for recognition.

Q. Subsequent Events

Subsequent events have been evaluated through May 14, 2018, which is the date the financial statements were available to be issued.

R. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2017 are recorded as prepayments by recording a current asset for the prepaid amount at the time of the purchase and the expense in the year in which services are consumed.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The CVB maintains cash balances in banks which are insured by the Federal Deposit Insurance Corporation. The CVB's cash balances at times exceeded the federally insured limits.

The CVB receives a significant amount of revenue from the Stark County hotel and motel excise tax. At December 31, 2017, approximately 71% of the CVB's accounts receivable were due from Stark County for the motel/hotel room tax. Approximately 75% of the Bureau's support was provided from Stark County through revenues collected from motel/hotel room tax for the year ended December 31, 2017.

**STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3 - INVESTMENTS

Investments stated at fair value are summarized as follows at December 31, 2017:

Fixed Income	\$ 170
Mutual Funds	<u>695,038</u>
Total	<u>\$ 695,208</u>

Fair Value Measurements: The CVB categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The CVB's investments in mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

NOTE 4 – PROPERTY AND EQUIPMENT

Property and Equipment activity for the year ended December 31, 2017 was as follows:

	<u>Balance</u> <u>1/1/17</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/17</u>
Property and Equipment Being Depreciated:				
Leasehold Improvements	31,021	-	-	31,021
Office Equipment	102,067	-	-	102,067
Promotional Items	60,325	-	-	60,325
Exploreboards	<u>95,846</u>	<u>-</u>	<u>-</u>	<u>95,846</u>
Total Property and Equipment Being Depreciated	<u>289,259</u>	<u>-</u>	<u>-</u>	<u>289,259</u>
Less: Accumulated Depreciation				
Leasehold Improvements	(17,797)	(5,668)	-	(23,465)
Office Equipment	(89,873)	(3,807)	-	(93,680)
Promotional Items	(38,103)	(13,333)	-	(51,436)
Exploreboards	<u>(40,266)</u>	<u>(19,169)</u>	<u>-</u>	<u>(59,435)</u>
Total accumulated depreciation	<u>(186,039)</u>	<u>(41,977)</u>	<u>-</u>	<u>(228,016)</u>
Total Property and Equipment, Net	<u>\$ 103,220</u>	<u>\$ (41,977)</u>	<u>\$ -</u>	<u>\$ 61,243</u>

**STARK COUNTY CONVENTION & VISITORS BUREAU
STARK COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 5 - INVESTMENT INCOME

Investment income is recorded in the aggregate on the statements of activities and consists of the following at December 31, 2017:

Interest and Dividend Income	\$ 13,566
Gain on Money Market Reported at Fair Value	930
Gain on Investments Reported at Fair Value	<u>442</u>
Total	<u><u>\$ 14,938</u></u>

NOTE 6 - LEASES

The CVB leases facilities on a three year contract. Rental expense for operating leases consists of the following at December 31, 2017:

Office Space and Storage from the Chamber	\$ 20,294
Rental Expense	<u><u>\$ 20,294</u></u>

NOTE 7 - 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. Amount available for future capital improvements was \$2,035 at December 31, 2017.

Additionally, in 2014 the CVB initiated an ExploreBoard advertising program in various hotels and other attractions around Canton and Stark County. The CVB had \$15,371 in deferred advertising revenue related to this program at December 31, 2017, as well as \$2,958 of miscellaneous deferred revenue.

NOTE 8 - RETIREMENT PLAN

The CVB employees participate in a 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. Charges to expense relating to the above plan amounted to \$12,957 for the year ended December 31, 2017.

NOTE 9 – CONTINGENCIES

A. Grants

The CVB, through the State of Ohio Department of Administrative Services, received financial assistance in the form of a grant. Failure to comply with grant or program requirements may result in the CVB being required to refund any questioned costs or overpayments identified by the funding agency.

B. Litigation

The CVB is involved in no material litigation as either a plaintiff or defendant.

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Stark County Convention & Visitors Bureau
Stark County
222 Market Avenue North
Canton, Ohio 44702

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Stark County Convention & Visitors Bureau, Stark County, Ohio, (a not-for-profit corporation), as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Stark County Convention & Visitors Bureau's financial statements and have issued our report thereon dated May 14, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Stark County Convention & Visitors Bureau's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Stark County Convention & Visitors Bureau's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Stark County Convention & Visitors Bureau's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Directors
Stark County Convention & Visitors Bureau

Compliance and Other Matters

As part of reasonably assuring whether the Stark County Convention & Visitors Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the Stark County Convention & Visitors Bureau's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Stark County Convention & Visitors Bureau's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 14, 2018



Dave Yost • Auditor of State

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
JULY 3, 2018**