

**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

**REPORT ON AUDITS OF
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008**



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Canton-Stark County Convention and Visitors Bureau, Stark County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2009 through December 31, 2009. 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 is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 1, 2010

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

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WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663
Phone (330) 602-1322 • Fax (330) 602-2610

April 27, 2010

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of Canton/Stark County Convention & Visitors Bureau (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities and changes in net assets 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 Canton/Stark County Convention & Visitors Bureau as of December 31, 2009 and 2008, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2010, on our consideration of the Canton/Stark County Convention & Visitors Bureau's internal control structure over financial reporting and on 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.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

**STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31,**

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS:		
Cash	\$ 515,189	\$ 415,093
Accounts receivable - trade	21,762	18,906
Accounts receivable - Stark County Auditor	171,346	205,060
Inventory - supplies	2,678	2,678
Prepaid expenses	15,715	28,887
Accrued interest receivable	<u>2,262</u>	<u>4,268</u>
Total current assets	728,952	674,892
INVESTMENTS	208,640	371,167
PROPERTY AND EQUIPMENT:		
Office equipment	67,654	98,743
Promotional equipment	25,088	97,613
Leasehold improvements	61,803	61,804
Transportation equipment	<u>23,692</u>	<u>23,692</u>
	178,237	281,852
Less: accumulated depreciation	<u>117,646</u>	<u>208,072</u>
Net property and equipment	60,591	73,780
Total assets	<u>\$ 998,183</u>	<u>\$ 1,119,839</u>

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 132,047	\$ 144,523
Account payable - Canton Regional Chamber of Commerce	10,687	18,831
Accrued vacation	18,706	17,460
Deferred revenue	<u>4,993</u>	<u>5,068</u>
Total current liabilities	166,433	185,882
NET ASSETS:		
Unrestricted	<u>831,750</u>	<u>933,957</u>
Total net assets	831,750	933,957
Total liabilities and net assets	<u>\$ 998,183</u>	<u>\$ 1,119,839</u>

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2009</u>	<u>2008</u>
REVENUE AND SUPPORT:		
County hotel and motel excise tax	\$ 820,767	\$ 961,797
Visitor Information Center - Airport participation	17,000	17,000
OHSAA Football Championship	113,335	121,915
Investment income (net)	<u>30,371</u>	<u>(3,347)</u>
Total support and revenue	981,473	1,097,365
EXPENSES:		
Convention Department	244,830	264,648
Sports Promotion Department	425,108	438,869
Tourism Department	315,603	340,989
Tourism Information Center - Pro Football Hall of Fame	70,725	66,964
Visitors Information Center - Akron/Canton Airport	27,415	30,181
Loss on disposal of assets	<u>0</u>	<u>2,223</u>
Total expenses	<u>1,083,681</u>	<u>1,143,874</u>
Changes in net assets	(102,208)	(46,509)
NET ASSETS, beginning of year	<u>933,957</u>	<u>980,466</u>
NET ASSETS, end of year	<u>\$ 831,749</u>	<u>\$ 933,957</u>

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (102,208)	\$ (46,509)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	16,927	23,376
Net realized loss on investments	5,430	5,764
Net unrealized (gain) loss on investments	(20,703)	25,064
Loss on disposal of assets	0	2,223
(Increase) decrease in operating assets:		
Accounts receivable	30,858	3,718
Prepaid expenses	13,172	908
Interest receivable	2,005	1,146
Increase (decrease) in operating liabilities:		
Accounts payable - trade	(12,477)	37,613
Amounts payable - Canton Regional Chamber of Commerce	(8,144)	(16,184)
Accrued vacation	1,246	(497)
Deferred revenue	(75)	(3,153)
Net cash provided (used) by operating activities	<u>(73,969)</u>	<u>33,469</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment maturities	237,907	159,526
Purchase of investments	(60,103)	(106,410)
Purchase of property, plant & equipment	<u>(3,739)</u>	<u>(11,072)</u>
Net cash provided by investing activities	<u>174,065</u>	<u>42,044</u>
Increase in cash	100,096	75,513
CASH, beginning of year	<u>415,093</u>	<u>339,580</u>
CASH, end of year	<u>\$ 515,189</u>	<u>\$ 415,093</u>

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Canton/Stark County Convention & Visitors Bureau (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.

The CVB is operated as a department of the Canton Regional Chamber of Commerce (the Chamber). 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.

METHOD OF ACCOUNTING

The CVB prepares its financial statements on the accrual basis of accounting.

FINANCIAL STATEMENT PRESENTATION

The financial statements are presented in accordance with FASB ASC 958-210 (formerly SFAS No. 117), Financial Statements of Not-for-Profit Organizations . Under FASB ASC 958-210, 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. At December 31, 2009 and 2008, the CVB had only unrestricted net assets. In addition, the CVB is required to present a statement of cash flows when a statement of financial position and a statement of activities and changes in net assets are reported upon.

ACCOUNTS RECEIVABLE

The CVB uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at December 31, 2009 and 2008. Therefore, no allowance for doubtful accounts has been recorded in these financial statements.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. Depreciation for financial reporting purposes is based on the following policies:

<u>DESCRIPTION</u>	<u>USEFUL LIVES</u>	<u>METHOD</u>
Office equipment	3 - 10 years	Straight line
Promotional items	2 - 5 years	Straight line
Leasehold improvements	10 - 40 years	Straight line
Transportation equipment	5 years	Straight line

Depreciation expense for the years ended December 31, 2009 and 2008 was \$16,927 and \$23,376, respectively .

**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS

Investments at December 31, 2009 and 2008, 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 statements of activities. Investments at December 31, 2009 and 2008, consist primarily of corporate bonds and asset-backed securities.

DONATIONS

All donations received are considered to be available for unrestricted use unless specifically restricted by donor.

TAX STATUS

As being operated as a department of the Chamber, the non-profit organization under Section 501(c)(6) of the Internal Revenue Code, the CVB is exempt from federal and state income taxes. Therefore, no provision has been made for federal or state income taxes in the accompanying financial statements.

STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flows, the CVB considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. The CVB had no interest expense for both years ended December 31, 2009 and 2008.

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.

ADVERTISING COSTS

The CVB expenses the production costs of advertising the first time the advertising takes place. Total advertising costs for the years ended December 31, 2009 and 2008 were \$101,847 and \$105,990, respectively.

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 statements of activities. Accordingly, certain costs have been allocated among the various programs.

DATE OF MANAGEMENT'S REVIEW

Subsequent's events have been evaluated through April 27, 2010, which is the date the financial statements were available to be issued.

CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: COMPENSATED ABSENCES

Employees of the CVB are entitled to vacation and sick days, depending on job classification, length of service, and other factors. An amount has been booked on the statements of financial position for the liability incurred by the CVB to its employees at December 31, 2009 and 2008 as accrued expenses.

NOTE 3: CONCENTRATION OF CREDIT RISK AND OFF BALANCE SHEET RISK

The accounts receivable balance of the CVB consists of balances due from clients operating primarily in Northeast Ohio and from bed tax revenues collected by the Stark County Auditor. Those amounts are shown on the statements of financial position.

The CVB receives a majority of its funding from a hotel and motel excise tax in Stark County located in Northeast Ohio.

Financial instruments that potentially subject the CVB to concentrations of credit risk consist principally of temporary cash investments. The CVB places its temporary cash instruments with a local financial institution. The account at the institution is insured by the Federal Deposit Insurance Corporation (FDIC). During the years of December 31, 2009 and 2008, the CVB had uninsured cash balances.

NOTE 4: OPERATING LEASES

The CVB leases two facilities on a month-to-month basis, used as tourism information centers. These centers are located in the Akron-Canton Regional Airport and nearby the Pro Football Hall of Fame (the Hall). During November of 2008, the CVB had to move its location to Fulton drive. The new monthly rent amount includes the costs of utilities. Rental expense for the operating leases (facilities and office equipment) for the years ending December 31, 2009 and 2008 was \$22,639 and \$22,187, respectively.

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 for the years ending December 31, 2009 and 2008 (also included above amount) was \$15,036 and \$14,924, respectively. The Chamber also 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.

NOTE 5: INVESTMENT INCOME

Investment income is recorded in the aggregate on the statement of activities and consists of the following for 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Interest	\$ 15,098	\$ 27,481
Realized gain (loss) on investments, net	(5,430)	(5,764)
Unrealized gain (loss) on investments, net	<u>20,703</u>	<u>(25,064)</u>
	<u>\$ 30,371</u>	<u>\$ (3,347)</u>

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: PENSION PLAN

The CVB 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. Total contributions to the plan amounted to \$14,454 and \$11,928 for the years ended December 31, 2009 and 2008, respectively.

NOTE 7: DEFERRED REVENUE

Previously in 2001, the CVB received a \$25,000 grant 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. A portion of the grant was expended for equipment needed for a new location during 2009. No amount was expended in 2008 under this grant. At December 31, 2009 and 2008, \$2,035 and \$2,110 was available for future capital improvements, respectively.



WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663
Phone (330) 602-1322 • Fax (330) 602-2610

April 27, 2010

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

**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 Canton/Stark County Convention & Visitors Bureau (a nonprofit organization) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 27, 2010. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits, we considered the Canton/Stark County Convention & Visitors Bureau's internal control over financial reporting as a basis for designing our auditing 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 Canton/Stark County Convention & Visitors Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 of Canton/Stark County Convention & Visitors Bureau
and
Board of Directors of Canton Regional Chamber of Commerce
Canton, Ohio
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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Canton/Stark County Convention & Visitors Bureau'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 audits, 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*.

We intend this report solely for the information and use of management and those charged with governance and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Willoughby & Company, Inc.".

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants



Mary Taylor, CPA
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 15, 2010