

Financial and Compliance Report

Akron/Summit Convention & Visitors Bureau, Inc.

December 31, 2010 and 2009

A large, stylized, light blue 'BR' logo is positioned in the background, partially obscured by a blue triangular graphic that points from the top left towards the bottom right.

BRUNER-COX LLP

Business Consultants & Certified Public Accountants



Dave Yost • Auditor of State

Board of Directors
Akron Summit Convention and Visitor's Bureau, Inc.
77 East Mill Street
Akron, Ohio 44308

We have reviewed the *Independent Auditor's Report* of the Akron Summit Convention and Visitor's Bureau, Inc., Summit County, prepared by Bruner-Cox, LLP, for the audit period January 1, 2010 through December 31, 2010. 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 and Visitor's Bureau, Inc. is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

May 5, 2011

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INDEPENDENT AUDITOR'S 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. as of December 31, 2010 and 2009, 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 Akron/Summit Convention & Visitors Bureau, Inc.'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 over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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 express no such opinion. An audit also 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 net assets of Akron/Summit Convention & Visitors Bureau, Inc. as of December 31, 2010 and 2009, and the results of its operations 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 March 7, 2011 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 on pages 3 - 7 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.

Bruner • Cox, LLP

Akron, Ohio
March 7, 2011

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

For the years ended December 31, 2010 and 2009

Assets exceeded liabilities by \$2,087,000.
Net assets decreased by \$74,500

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, 2010 and 2009. 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

Market Share decreased in 2009 and is expected to swing to a minimal increase in 2010. The major factors of this summation are based on the following:

- Bed tax increase in 2010 of 8.6% over 2009 collections
- Hotel occupancy increase of 5.5% over 2009 occupancy level
- Increase number of Events:
 - In 2010 the Center hosted:
 - 190 Events vs. 174 in 2009
 - Increase of 9.1%
 - 398,000 Visitors vs. 392,000 in 2009
 - Increase of 2%
 - In 2010 Greystone Hall hosted
 - 119 Events vs. 44 in 2009
 - 20,000 Visitors
- After a full year of management of Greystone Hall on behalf of the City of Akron, a complete understanding of expense/revenue resulted in:
 - Additional top line revenue for Food Service Department
 - Additional office tenants
 - Downtown Akron Partnership - two year lease
 - Actors' Summit- two year lease
 - Maximizing of food purchases and payroll expenditures
 - Increased offerings to expand Center's ability to host larger events
 - Ability for current clients to diversify their meeting site and grow overall attendance
 - Added profitability based on Business Model for net revenue growth
- Possible growth to the downtown hotel inventory with the addition of a 110 room Courtyard by Marriott hotel in the Northside district
- Continued growth of Social Media and web-based initiatives are being pressed forward to this market based on explosive growth, rapid change and inexpensive penetration costs
- A 1% Bed Tax increase took effect in November of 2007 providing additional funding for Capital Improvements and additional Marketing efforts
- Repeat and frequent demand suppliers are Regional and National events, State Association Conventions and Convention Center based Trade Shows

MANAGEMENT DISCUSSION AND ANALYSIS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2010 and 2009

- 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
- Continued growth in the business core continue to provide year round Frequent Business Travelers
- 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 Package, Re-Union Express Package, Wedding "All-Inclusive Pricing"
- 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
 - Numerous properties have changed "national flags"
 - Both ascending and descending in brand level(s)

Challenges

- Future of the Leisure Travel Market due to 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
- Potential loss of the Akron City Centre Hotel
 - Potential loss (pending privatization of the Ohio Department of Development) of the Ohio Division of Tourism
 - Resulting in no, or decreased spending on marketing to regional and national market of the State as a destination
- Efforts by the Summit County Fiscal Office to collect on Delinquent Bed Tax payments were in excess of \$100,000 continue
 - Creates difficulty in budget oversight and true indicators for business levels
- Continued industry-wide 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
- Potential legislation to amend the Ohio Revised Code to redirect the Lodging Tax collections from the recognized CVB directly to the county
 - The Ohio Association of Convention & Visitor Bureaus has launched an aggressive effort to stop any change to the direction of the funds

MANAGEMENT DISCUSSION AND ANALYSIS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2010 and 2009

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 Revenue, 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 financing activities, and investing activities.
- The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

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 2010 and 2009. Certain amounts may vary slightly due to differences caused by rounding to thousands.

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

	2010	2009	Change
Current assets	\$ 1,798	\$ 1,613	\$ 185
Capital assets, net of accumulated depreciation and amortization	674	789	(115)
Long-term assets	846	1,086	(240)
Total assets	\$ 3,318	\$ 3,488	\$ (170)
Current liabilities	\$ 807	\$ 718	\$ 89
Long-term liabilities	424	608	(184)
Total liabilities	\$ 1,231	\$ 1,326	\$ (95)
Unrestricted (deficit)	\$ (629)	\$ (566)	\$ (63)
Investment in capital assets	476	514	(38)
Restricted for capital assets	2,240	2,214	26
Total net assets	\$ 2,087	\$ 2,162	\$ (75)

During 2010, net assets decreased by \$74,500.

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

For the years ended December 31, 2010 and 2009

The following table summarized the changes in revenues and expenses for ASCVB between 2010 and 2009:

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

	2010	2009	Change
OPERATING REVENUES			
Hotel/motel tax	\$ 2,709	\$ 2,582	\$ 127
Space, food and ancillary service	2,350	1,939	411
Total operating revenue	5,059	4,521	538
OPERATING EXPENSES			
Payroll and benefits	2,715	2,367	348
Property insurance	115	108	7
Utilities	363	413	(50)
Advertising and promotion	353	410	(57)
Supplies	51	45	6
Maintenance and repairs	227	225	2
Contracted services	369	392	(23)
Food services	594	544	50
Other	155	129	26
Bad debt expense - net of recoveries	4	5	(1)
Total expenses	4,946	4,638	308
Operating income (loss) before depreciation	113	(117)	230
Depreciation and amortization	176	193	(17)
Operating income (loss) after depreciation	(63)	(310)	247
NONOPERATING			
Investment and other income (loss)	(12)	38	(50)
Net change in assets	\$ (75)	\$ (272)	\$ 197

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.

MANAGEMENT DISCUSSION AND ANALYSIS
AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.
For the years ended December 31, 2010 and 2009

Operating Expenses

Operating expenses increased by \$307,000 primarily due to increases in salaries and benefits.

Capital Assets

At the end of 2010, ASCVB had \$476,000 invested in capital assets. The investment in capital assets includes improvement to the John S. Knight Convention Center.

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. 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, 2010 and 2009

ASSETS	2010	2009
Current assets		
Cash and cash equivalents	\$ 467,531	\$ 465,121
Short-term investments	161,206	-
Accounts receivable less allowance for doubtful accounts of \$10,000 in 2010 and 2009	291,812	317,617
Accounts receivable		
Summit County	652,514	601,895
City of Akron	37,351	49,559
Inventory	73,892	64,843
Prepaid expenses	113,403	113,620
	1,797,709	1,612,655
Capital assets		
Property and equipment, net of accumulated depreciation and amortization	673,731	788,966
Long-term assets		
Accounts receivable, net of current	241,170	327,951
Long-term investments	604,919	757,683
	846,089	1,085,634
	1,797,709	1,612,655
Total current assets	1,797,709	1,612,655
	846,089	1,085,634
Total long-term assets	846,089	1,085,634
	3,317,529	3,487,255
Total assets	\$ 3,317,529	\$ 3,487,255

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

LIABILITIES AND NET ASSETS	2010	2009
Current liabilities		
Capital lease obligation, current portion	\$ 81,190	\$ 75,056
Accounts payable	100,067	72,198
Accrued expenses	165,543	93,932
Deferred revenues and customer deposits, current portion	459,473	476,642
Total current liabilities	806,273	717,828
Long-term liabilities		
Capital lease obligation, net of current	118,816	199,902
Deferred revenue and customer deposits, net of current	305,253	407,792
Total long-term assets	424,069	607,694
Total liabilities	\$ 1,230,342	\$ 1,325,522
Net assets		
Unrestricted (deficit)	\$ (628,781)	\$ (566,256)
Investment in capital assets	475,676	514,008
Restricted for capital assets	2,240,291	2,213,981
Total net assets	\$ 2,087,186	\$ 2,161,733

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Summit County	\$ 2,534,007	\$ 2,407,273
City of Akron	175,000	175,000
Space income	285,866	297,727
Rental income	54,800	8,100
Food service	1,416,719	1,053,404
Ancillary service	593,055	568,357
Everything Akron Store	(81)	11,001
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Total operating revenues	5,059,366	4,520,862
OPERATING EXPENSES		
Salaries and wages	2,238,618	1,966,023
Payroll taxes and employee benefits	476,319	400,544
Property insurance	114,759	108,246
Utilities	362,756	413,068
Promotion	196,858	255,617
Bad debt expense - net of recoveries	4,096	5,498
Advertising and printing	146,583	135,237
Office supplies and accessories	15,507	12,870
Postage	23,517	20,875
Dues and subscriptions	11,577	11,474
Professional fees	98,311	105,381
Travel	34,534	36,568
Maintenance and repairs	226,595	224,898
Contracted services	270,708	286,673
Food services	594,308	543,702
Auto lease	14,530	18,106
Audiovisual	48,744	27,025
Trade shows	5,565	11,293
Video conferencing	4,078	7,443
Miscellaneous	57,162	47,073
	<hr/>	<hr/>
Total operating expenses	4,945,125	4,637,614
Operating income (loss) before depreciation and amortization	114,241	(116,752)
Depreciation and amortization	176,464	192,886
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Operating loss	(62,223)	(309,638)

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

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2010 and 2009

	2010	2009
NONOPERATING REVENUES (EXPENSES)		
Loss on disposal of assets	\$ -	\$ (1,117)
Utility reimbursement to City of Akron	(38,368)	-
Interest expense	(19,170)	(25,832)
Investment and other income	45,214	64,690
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Total nonoperating revenues (expenses)	(12,324)	37,741
	<hr/>	<hr/>
Change in net assets	(74,547)	(271,897)
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NET ASSETS, BEGINNING OF YEAR	2,161,733	2,433,630
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NET ASSETS, END OF YEAR	\$ 2,087,186	\$ 2,161,733
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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, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATIONS		
Cash received from customers, taxes and subsidies	\$ 5,013,833	\$ 4,574,474
Cash received from interest income	36,772	70,921
Cash payments to suppliers for goods and services	(2,134,760)	(2,144,628)
Cash payments to employees for services	(2,758,085)	(2,514,532)
	<hr/>	<hr/>
Cash provided by (used in) operating activities	157,760	(13,765)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Cash payments for interest	(19,170)	(25,832)
Purchases of capital assets	(61,229)	(92,519)
Payments on capital lease obligations	(74,952)	(69,563)
	<hr/>	<hr/>
Cash used in capital financing activities	(155,351)	(187,914)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(455,357)
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Cash used in investing activities	-	(455,357)
	<hr/>	<hr/>
Increase (decrease) in cash and cash equivalents	2,409	(657,036)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	465,121	1,122,157
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 467,530	\$ 465,121
	<hr/> <hr/>	<hr/> <hr/>

STATEMENTS OF CASH FLOWS (CONTINUED)

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets, net of interest expense	\$ (55,377)	\$ (246,065)
Noncash items included in change in net assets		
Depreciation and amortization	176,464	192,886
Unrealized (gain) loss on investments	(8,442)	6,231
Loss on disposal of assets	-	1,117
Changes in assets and liabilities		
Accounts receivable	112,586	(63,614)
Accounts receivable - Summit County	(50,619)	81,699
Accounts receivable - City of Akron	12,208	(49,559)
Inventory	(9,049)	(10,602)
Prepaid expenses	217	38,516
Accounts payable	27,869	(9,741)
Accrued expenses	71,611	(39,719)
Deferred revenues and customer deposits	(119,708)	85,086
	\$ 157,760	\$ (13,765)
Cash provided by (used in) operating activities	\$ 157,760	\$ (13,765)
 SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES		
Capital lease obligation incurred for the use of equipment	\$ -	\$ (16,104)
	-	(16,104)

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), the John S. Knight Center (JSK), and Greystone Hall (Greystone). 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 and Greystone Hall, convention centers (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 receivable, 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 and Greystone Hall; 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 represent amounts due from the County of Summit for hotel/motel tax collected in the final quarter of the calendar year.

Inventory

Inventory consists of food, beverages and related supplies and is 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)

Capital Assets

Capital assets are 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 \$146,583 and \$135,237 for the years ended December 31, 2010 and 2009, 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).

On January 1, 2009, ASCVB adopted the FASB Accounting Standard Codification on accounting for uncertainty in income taxes, which addressed the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, ASCVB may recognize the tax benefit from an uncertain position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods. Management has determined the effects of the adoption of this pronouncement to be insignificant, therefore no adjustments have been recorded and no further disclosures required.

With few exceptions, ASCVB is no longer subject to income tax examinations by tax authorities for years before 2007.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 1. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain information previously reported in the December 31, 2009 financial statements has been reclassified with no effect on the change in net assets to conform with the current year's presentation.

Subsequent Events

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

Note 2. Fair Value Measurements

ASCVB accounts for assets and liabilities in accordance with the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification. This topic, among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. The Fair Value Measurements and Disclosure topic clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

Fair Value Measurements and Disclosures applies to all assets and liabilities that are being measured and reported on a fair value basis. Fair Value Measurements and Disclosures requires 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, ASCVB performs a detailed analysis of the assets and liabilities that are subject to Fair Value Measurements and Disclosures.

The ASCVB holds investments in government obligations. The fair value of these government obligations is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers and are considered a Level 1 item. For the years ended December 31, 2010 and 2009, the application of valuation techniques applied to similar assets and liabilities have been consistent.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 3. Capital Assets

A summary of capital assets at December 31 is presented below:

	Balance at January 1, 2010	Additions	Dispositions	Balance at December 31, 2010
Historical cost				
Furniture, fixtures and equipment	\$ 1,154,248	\$ 49,029	\$ 3,313	\$ 1,199,964
Computer software	31,103	-	-	31,103
Vehicles	26,956	-	-	26,956
Leasehold improvements	1,153,479	12,200	-	1,165,679
Equipment under capital leases	390,294	-	-	390,294
Total historical cost	2,756,080	61,229	3,313	2,813,996
Accumulated depreciation and amortization				
Furniture, fixtures and equipment	950,821	76,284	3,313	1,023,792
Computer software	21,921	2,760	-	24,681
Vehicles	26,956	-	-	26,956
Leasehold improvements	905,082	53,716	-	958,798
Equipment under capital leases	62,334	43,704	-	106,038
Total accumulated depreciation and amortization	1,967,114	176,464	3,313	2,140,265
	\$ 788,966	\$ (115,235)	\$ -	\$ 673,731
<hr/>				
	Balance at January 1, 2009	Additions	Dispositions	Balance at December 31, 2009
Historical cost				
Furniture, fixtures and equipment	\$ 1,099,452	\$ 80,707	\$ 25,911	\$ 1,154,248
Computer software	61,232	4,121	34,250	31,103
Vehicles	26,956	-	-	26,956
Leasehold improvements	1,171,699	22,200	40,420	1,153,479
Equipment under capital leases	388,699	1,595	-	390,294
Total historical cost	2,748,038	108,623	100,581	2,756,080
Accumulated depreciation and amortization				
Furniture, fixtures and equipment	867,129	109,603	25,911	950,821
Computer software	52,331	2,723	33,133	21,921
Vehicles	26,956	-	-	26,956
Leasehold improvements	892,526	52,976	40,420	905,082
Equipment under capital leases	34,750	27,584	-	62,334
Total accumulated depreciation and amortization	1,873,692	192,886	99,464	1,967,114
	\$ 874,346	\$ (84,263)	\$ 1,117	\$ 788,966

Depreciation and amortization expense was \$176,464 and \$192,886 for 2010 and 2009, respectively.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 4. Investments

ASCVB's investment portfolio at December 31, 2010 consists of U.S. Treasury notes with various interest rates ranging from 1.125% to 4.125% and maturity dates of December 25, 2011 through May 31, 2014. Investment income for 2010 and 2009 was \$29,385 and \$14,500, respectively.

Note 5. 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 non-elective contributions. There were no employer contributions to the plan during 2010 and 2009.

Note 6. Short-Term Borrowings

ASCVB has 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 \$705,000 and \$697,000 available under this agreement at December 31, 2010 and 2009, respectively. There were no borrowings under this agreement at December 31, 2010 and 2009.

Note 7. 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.

ASCVB also leases certain equipment and vehicles under noncancelable leases expiring in various years through 2015. Rental expense for operating leases was \$38,339 and \$29,247 for the years ended December 31, 2010 and 2009, 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, 2010.

2011	\$	47,935
2012		45,658
2013		28,951
2014		25,073
2015		11,166
	\$	<u>158,783</u>

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 7. Commitments and Contingencies (Continued)

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 is as follows.

	2010	2009
Equipment and leasehold improvements	\$ 390,294	\$ 390,294
Less accumulated depreciation	106,038	62,334
	<u>\$ 284,256</u>	<u>\$ 327,960</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, 2010:

2011	\$ 94,122
2012	94,122
2013	<u>31,663</u>
Total minimum lease payments	219,907
Less amounts representing interest	<u>19,901</u>
Present value of minimum lease payments	200,006
Less current portion	<u>81,190</u>
	<u><u>\$ 118,816</u></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. This contract also provides for post retirement health insurance benefits to the extent not covered by Medicare.

Note 8. 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. The agreement covers the period beginning July 14, 2008 and expires June 30, 2011.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 9. Related Party Transactions

ASCVB receives operating revenues in the form of bed tax collections from the City of Akron and Summit County. In addition, during 2009, ASCVB entered into a contract with the City of Akron to manage and operate Greystone Hall. The City of Akron reimburses ASCVB for expenses related to repairs and maintenance and capital improvements to Greystone. The receivable balance was \$37,351 and \$49,559 at December 31, 2010 and 2009, respectively.

Note 10. Restricted Funds for Capital Assets

Under the term of the lease agreement with the City of Akron discussed in Note 7, 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 \$2,240,291 and \$2,213,981 at December 31, 2010 and 2009, respectively.

INDEPENDENT AUDITOR'S 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 of Akron/Summit Convention & Visitors Bureau, Inc. taken as a whole. The following schedules of revenue, expenses and changes in net assets for the Bureau, Center and Greystone on pages 23 - 25 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

Akron, Ohio
March 7, 2011

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

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2010 and 2009

	2010	2009
OPERATING REVENUE		
Summit County	\$ 2,534,007	\$ 2,407,273
City of Akron	175,000	175,000
Everything Akron Store	(81)	11,001
	<hr/>	<hr/>
Total operating revenue	2,708,926	2,593,274
OPERATING EXPENSES		
Salaries and wages	468,942	420,426
Payroll taxes and employee benefits	90,758	83,619
Property insurance	12,628	17,066
Utilities	12,043	13,392
Promotion	173,128	218,867
Advertising and printing	121,664	105,812
Office supplies and accessories	4,106	4,704
Postage	14,906	12,427
Dues and subscriptions	7,808	7,709
Professional fees	35,674	32,712
Travel	25,682	26,115
Maintenance and repairs	20,348	21,779
Auto lease	5,379	6,285
Trade shows	3,315	9,373
Miscellaneous	7,563	8,807
	<hr/>	<hr/>
Total operating expenses	1,003,944	989,093
Operating income	1,704,982	1,604,181
NONOPERATING REVENUE		
Management fee	38,368	-
Investment and other income	45,214	64,690
	<hr/>	<hr/>
Total nonoperating revenue	83,582	64,690
Change in net assets	\$ 1,788,564	\$ 1,668,871

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

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2010 and 2009

	2010	2009
OPERATING REVENUE		
Space income	\$ 272,341	\$ 295,277
Food service	1,048,783	1,021,824
Ancillary service	573,857	566,313
Total operating revenue	1,894,981	1,883,414
OPERATING EXPENSES		
Salaries and wages	1,588,658	1,490,293
Payroll taxes and employee benefits	374,076	316,925
Property insurance	89,240	85,935
Utilities	348,836	399,296
Promotion	14,934	33,079
Bad debt expense - net of recoveries	4,096	5,498
Advertising and printing	22,980	26,495
Office supplies and accessories	10,066	7,394
Postage	8,099	8,347
Dues and subscriptions	3,769	3,765
Professional fees	52,111	52,036
Travel	8,852	10,453
Maintenance and repairs	186,706	183,310
Contracted services	264,970	286,157
Food services	478,516	535,858
Auto lease	9,151	11,821
Audiovisual	48,011	26,965
Trade shows	2,250	1,920
Video conferencing	4,078	7,443
Miscellaneous	49,599	38,266
Total operating expenses	3,568,998	3,531,256
Operating loss before depreciation and amortization	(1,674,017)	(1,647,842)
Depreciation and amortization	169,924	189,616
Operating loss	(1,843,941)	(1,837,458)
NONOPERATING EXPENSES		
Loss on disposal of assets	-	(1,117)
Interest expense	(19,170)	(25,832)
Total nonoperating expenses	(19,170)	(26,949)
Change in net assets	\$ (1,863,111)	\$ (1,864,407)

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

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2010 and 2009

	2010	2009
OPERATING REVENUE		
Space income	\$ 13,525	\$ 2,450
Rent Income	54,800	8,100
Food service	367,936	31,580
Ancillary service	19,198	2,044
Total operating revenue	455,459	44,174
OPERATING EXPENSES		
Salaries and wages	181,018	55,304
Payroll taxes and employee benefits	11,485	-
Property insurance	12,891	5,245
Utilities	1,877	380
Promotion	8,796	3,671
Advertising and printing	1,939	2,930
Office supplies and accessories	1,335	772
Postage	512	101
Professional fees	10,526	20,633
Maintenance and repairs	19,541	19,809
Contracted services	5,738	516
Food services	115,792	7,844
Audiovisual	733	60
Total operating expenses	372,183	117,265
Operating income (loss) before depreciation and amortization	83,276	(73,091)
Depreciation and amortization	6,540	3,270
Operating income (loss)	76,736	(76,361)
NONOPERATING EXPENSES		
Management fee	(38,368)	-
Utility reimbursement to City of Akron	(38,368)	-
Total nonoperating expenses	(76,736)	-
Change in net assets	\$ -	\$ (76,361)

INDEPENDENT AUDITOR'S 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, 2010, and have issued our report thereon dated March 7, 2011. 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 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 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 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 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.

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.

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

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

Akron, Ohio
March 7, 2011



Dave Yost • 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 17, 2011**