



Dave Yost • Auditor of State

**AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.
SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
John S. Knight Center
77 E. Mill Street
Akron, OH 44308

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, Ohio (the Bureau), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements as listed in the table of contents.

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 the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 Bureau's internal control. Accordingly, we express no 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 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 respective financial position of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, Ohio, as of December 31, 2014 and 2013, and the respective changes in its financial position and its cash flows, thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Bureau's basic financial statements taken as a whole. The schedules of revenue, expenses and changes in net position for the Bureau, Center, Greystone, and Creperie present additional analysis and are not a required part of the basic financial statements.

The schedules of revenue, expenses and changes in net position for the Bureau, Center, Greystone, and Creperie are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2015, on our consideration of the 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. 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 Bureau's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

April 30, 2015

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

For the years ended December 31, 2014 and 2013

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, 2014 and 2013. This information in the MD&A should be read in conjunction with ASCVB's financial statements and corresponding notes to the financial statements.

Financial Highlights and Outlook

Assets exceeded liabilities by \$2,904,000
Net position increased by \$370,000

Calendar year 2014 was filled with a growing product base and strong industry revenue creating a healthy overall fiscal platform for the ASCVB and partner organizations.

The following is a recap of main factors of this summation:

Continued and evolving initiatives have been concentrated on remaining fluid with the ever-changing marketplace and the constant monitoring of transitional trends. An underpinning focus on staple activities in marketing and promotion help build the foundation upon which we rest in establishing Greater Akron & Summit County hospitality industry as an economic generator for the region.

- Bed Tax Gross Collections increased in 2014 of 7.4% over 2013 collections
 - 2014 Total Gross Collections: \$4,770,972 | 2013 Total Gross Collections: \$4,442,859
- Smith Travel Research reports (for the Greater Akron MSA through December 2014) indicate the following results for 2014 vs. 2013:

	<u>Akron MSA</u>	<u>Statewide</u>
○ Occupancy:	59.9% = Increase of 3.6%	59.8% = Increase of 2.4%
○ Average Daily Rate:	\$87.74 = Increase of 0.5%	\$90.42 = Increase of 3.7%
○ RevPAR:	\$52.56 = Increase of 4.2%	\$50.95 = Same as 2013
- Core business and their determined growth pattern continue to provide year round Frequent Business Travelers through large scale demand generators. Additionally, an increased level of small & mid-size users in the marketplace bring an overall demand and supplemental room traffic
- Once again in 2014; Hotel ADR, Occupancy and REVPAR increased as a result of progressive yield management of hotels focused on driving rate vs. occupancy to support encouraging cash flow for renovations, capital enhancements and hotel property re-investment
- Hotel Development:
 - Three new hotels opened in the market in 2014
 - Hilton Garden EastEnd (Akron); Residence Inn Akron/South (Green); Homewood Suites (Bath Township)
 - Three new hotels are under construction and are slated to open in 2015
 - Courtyard by Marriott (Akron); Residence Inn (Fairlawn); Fairfield Inn (Bath Township)
 - Proposed development of a "Greystone Hotel" has become dormant
 - Efforts continue to seek further and optional hotel development activities in direct relations to the John S. Knight Center (the Center)
 - Competitive set and marketplace demand is outweighing current growth

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

For the years ended December 31, 2014 and 2013

Financial Highlights and Outlook (continued)

- Number of Events:
 - In 2014 the Center hosted:
 - 187 Events in 2014 vs. 185 in 2013 | increase of 1.0%
 - 394,000 Visitors in 2014 vs. 381,000 in 2013 | increase of 3.4%
 - In 2014 Greystone Hall hosted:
 - 93 Events in 2014 vs. 121 in 2013 | decrease of 23.1%
 - 19,157 Visitors in 2014 vs. 25,478 in 2013 | decrease of 24.8%
- Market trending of short term bookings will be met through the convenience of pre-designed packages
- ASCVB Sales Staff has been added to help bolster room generation to meet the increased supply of hotel rooms
- Increased budget line items for Sales, Promotion and Advertising has been implemented
- A new CRM system is being added for internal staff efficiency and external partners collaborations
- The DEFY Convention Campaign of 2014 and the successes that ensued will be re-enforced in a continuation campaign, DEFY 2.0, in 2015
- Social Media, SEM and web-based initiatives will continue to play an important role to capitalize on explosive growth, rapid change, targeted marketing and inexpensive penetration costs
- Continued energies are being applied to Hospitality Outreach in the form of Partnerships in Motion, which has provided for leveraging of partner resources
- Progression of Local Events in the areas of niche marketing and specialized activities has proven to bear fruit in amassing attendance growth
- Iconic Events have demonstrated growth complimenting their stability through evolving of additional activities
 - All-American Soap Box Derby has created the Gravity Games
 - Akron Marathon has created the Rubber City Race Series
 - Akron Zoo has established special themed activities
 - NightLight has expanded their participation in the ClIFF programing
- ASCVB's Destination Development Grant program continued in an effort to infuse funding in local hospitality partners to enable development and growth of products and offerings
- Sustained room demand users exist within Youth Sporting events, State, Regional and National events, Convention Center based Trade Shows and Corporate activities
- Promotion focused on Adult and Youth Sporting Groups has proven beneficial in providing solid shoulders and increased traffic to the historically high occupancy summer months
- Greystone Hall's Management agreement with the City of Akron based on potential extended development, presented some facilitation challenges leading to a year of under-achieving activities, resulting in decrease number of events and revenue movement
 - In 2015 an extended contract was executed which will in-turn alleviate and provide for an open portal for continued progression
- Sustained cultivation of broadminded efforts at the Center and Greystone to refine Operational, Food Service and Client Relations activities resulting in purchase and payroll modification
- Akron-Canton Airport continues an upward trajectory and diversification of Airline Carriers

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

For the years ended December 31, 2014 and 2013

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 Position – These statements present information on all ASCVB's assets and liabilities, with the difference between the two reported as net position.
- Statements of Revenue, Expenses and Changes in Net Position – These statements show how ASCVB's net position has 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 Position and Revenues, Expenses and Changes in Net Position

The tables below provide a summary of ASCVB's financial position and operations for 2014, 2013 and 2012. Certain amounts may vary slightly due to differences caused by rounding to thousands.

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

	2014	Change	2013	Change	2012
Current assets	\$ 3,258	29%	\$ 2,524	24%	\$ 2,035
Capital assets, net of accumulated depreciation and amortization	445	(13)%	510	(16)%	608
Long-term assets	261	(55)%	583	(25)%	775
Total assets	\$ 3,964	10%	\$ 3,617	6%	\$ 3,418
Current liabilities	\$ 910	0%	\$ 909	8%	\$ 838
Long-term liabilities	149	(14)%	174	(43)%	304
Total liabilities	\$ 1,059	(2)%	\$ 1,083	(5)%	\$ 1,142
Net investment in capital assets	\$ 445	(11)%	\$ 499	(10)%	\$ 552
Restricted for capital assets	2,006	(5)%	2,106	(5)%	2,217
Unrestricted (deficit)	453	729%	(72)	(85)%	(492)
Total net position	\$ 2,904	15%	\$ 2,533	11%	\$ 2,277

During 2014 and 2013, net position increased by \$370 and \$257, respectively.

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

For the years ended December 31, 2014 and 2013

Financial Analysis of ASCVB's Net Position and Revenues, Expenses and Changes in Net Position (Continued)

The following table summarized the changes in revenue and expenses for ASCVB between 2014, 2013 and 2012:

**Condensed Statements of Revenue, Expenses, and Changes in Net Position
Years Ended December 31, (Amounts in Thousands)**

	2014	Change	2013	Change	2012
OPERATING REVENUES					
Hotel/motel tax	\$ 3,559	7%	\$ 3,318	3%	\$ 3,236
Space, food and ancillary service	3,236	12%	2,901	(1)%	2,927
Total operating revenue	6,795	9%	6,219	1%	6,163
OPERATING EXPENSES					
Payroll and benefits	3,197	4%	3,060	(3)%	3,141
Property insurance	99	6%	93	(7)%	100
Utilities	377	13%	333	(7)%	359
Advertising and promotion	594	15%	516	41%	367
Supplies	83	22%	68	(6)%	72
Maintenance and repairs	298	(10)%	330	38%	240
Contracted services	481	27%	380	(14)%	441
Food services	990	14%	871	12%	778
Other	165	15%	143	6%	135
Total expenses	6,284	8%	5,794	3%	5,633
Operating income before depreciation and amortization	511	20%	425	(20)%	530
Depreciation and amortization	160	(5)%	169	(5)%	177
Operating income (loss)	351	37%	256	(27)%	353
NONOPERATING REVENUES					
Investment and other income (loss)	19	1800%	1	(67)%	3
Change in net position	\$ 370	44%	\$ 257	(28)%	\$ 356

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, 2014 and 2013

Operating Expenses

Operating expenses increased by approximately \$490,000 primarily from increases in food services, contracted services, advertising and promotion, and payroll and benefits.

Capital Assets

At the end of 2014, ASCVB had \$445,000 invested in capital assets. The net 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 finances for all interested parties. Questions and requests for additional information regarding this report should be addressed to the President, Akron/Summit Convention & Visitors Bureau, Inc., 77 E. Mill Street, Akron, Ohio 44308.

STATEMENTS OF NET POSITION

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

December 31, 2014 and 2013

ASSETS	2014	2013
Current assets		
Cash and cash equivalents	\$ 632,289	\$ 681,982
Short-term investments	1,124,745	301,135
Accounts receivable less allowance for doubtful accounts of \$10,000 in 2014 and 2013	388,554	308,564
Accounts receivable		
Summit County	890,740	836,697
City of Akron	25,178	195,735
Inventory	64,801	68,786
Prepaid expenses	131,515	131,586
	3,257,822	2,524,485
Capital assets		
Property and equipment, net of accumulated depreciation and amortization	444,588	510,034
Long-term assets		
Accounts receivable, net of current	121,027	140,088
Long-term investments	140,016	442,417
	261,043	582,505
Total long-term assets	261,043	582,505
Total assets	\$ 3,963,453	\$ 3,617,024

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

LIABILITIES AND NET POSITION	2014	2013
Current liabilities		
Capital lease obligation, current portion	\$ -	\$ 11,212
Accounts payable	109,386	113,887
Accrued expenses	305,736	321,021
Unearned revenue and customer deposits, current portion	495,122	462,884
Total current liabilities	910,244	909,004
Long-term liabilities		
Unearned revenue and customer deposits, net of current	148,984	174,398
Total liabilities	\$ 1,059,228	\$ 1,083,402
Net position		
Net investment in capital assets	\$ 444,588	\$ 498,821
Restricted for capital assets	2,006,692	2,106,768
Unrestricted (deficit)	452,945	(71,967)
Total net position	\$ 2,904,225	\$ 2,533,622

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Summit County	\$ 3,420,813	\$ 3,179,629
City of Akron	138,000	138,000
Space income	365,756	333,576
Rental income	69,600	65,110
Food service	1,993,288	1,830,634
Ancillary service	806,846	671,301
Everything Akron Store	685	175
Total operating revenues	6,794,988	6,218,425
OPERATING EXPENSES		
Salaries and wages	2,658,946	2,480,781
Payroll taxes and employee benefits	537,986	579,045
Property insurance	98,576	92,950
Utilities	376,695	333,478
Promotion	431,026	380,281
Bad debt expense - net of recoveries	-	96
Advertising and printing	161,065	131,441
Office supplies and accessories	43,490	38,117
Postage	26,366	17,617
Dues and subscriptions	13,157	11,772
Professional fees	53,736	41,303
Travel	40,828	36,092
Maintenance and repairs	297,786	330,262
Contracted services	426,866	338,794
Food services	990,340	871,012
Lease	12,127	11,634
Audiovisual	33,976	36,270
Trade shows	1,396	4,155
Video conferencing	696	-
Miscellaneous	78,149	58,464
Total operating expenses	6,283,207	5,793,564
Operating income before depreciation and amortization	511,781	424,861
Depreciation and amortization	159,937	168,600
Operating income	351,844	256,261

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

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2014 and 2013

	2014	2013
NONOPERATING REVENUES (EXPENSES)		
Utility reimbursement to City of Akron	\$ -	\$ (17,499)
Loss on disposal of assets	-	(1,596)
Interest income (expense)	899	(2,245)
Investment and other income	17,860	22,287
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Total nonoperating revenues	18,759	947
	<hr/>	<hr/>
Change in net position	370,603	257,208
	<hr/>	<hr/>
NET POSITION, BEGINNING OF YEAR	2,533,622	2,276,414
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NET POSITION, END OF YEAR	\$ 2,904,225	\$ 2,533,622
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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, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers, taxes and subsidies	\$ 6,857,396	\$ 6,105,038
Cash payments to suppliers for goods and services	(3,086,720)	(2,701,186)
Cash payments to employees for services	(3,212,217)	(2,987,219)
	558,459	416,633
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash refunds (payments) of interest	899	(2,245)
Purchases of capital assets	(94,491)	(72,398)
Payments on capital lease obligations	(11,212)	(44,784)
	(104,804)	(119,427)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	19,324	27,698
Redemption of investments	300,000	200,000
Purchase of investments	(822,673)	(200,000)
	(503,349)	27,698
Increase (decrease) in cash and cash equivalents	(49,694)	324,904
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	681,983	357,079
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 632,289	\$ 681,983

STATEMENTS OF CASH FLOWS (CONTINUED)

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 351,844	\$ 256,261
Noncash items included in change in operating income		
Depreciation and amortization	159,937	168,600
Changes in assets and liabilities		
Accounts receivable	(60,929)	103,436
Accounts receivable - Summit County	(54,044)	4,563
Accounts receivable - City of Akron	170,557	(95,315)
Inventory	3,985	2,609
Prepaid expenses	71	7,563
Accounts payable	(4,501)	22,380
Accrued expenses	(15,285)	72,607
Unearned revenue and customer deposits	6,824	(126,071)
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Cash provided by operating activities	\$ 558,459	\$ 416,633
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SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES

Loss on disposal of equipment	\$ -	\$ 1,596
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SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES

Unrealized gain on investments	\$ 1,798	\$ 5,411
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The accompanying notes are an integral part of the financial statements.

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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 ASCVB 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.

In 2011, ASCVB began operations of the Creperie, a small restaurant located in Greystone Hall. In February 2012, the restaurant was closed for business.

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.

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 statements of net position. The statements of revenue, expenses, and changes in net position present increases (i.e., revenue) and decreases (i.e., expenses) in total net position. 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 in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

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. The ASCVB capitalizes amounts over \$2,500. Depreciation and amortization of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets:

Furniture, fixtures and equipment	5-10 years
Computer software	5 years
Vehicles	5 years
Leasehold improvements	5-10 years
Equipment under capital leases	5-10 years

Advertising

Advertising costs are expensed when incurred and included in operating expenses. Total advertising cost expensed was \$161,065 and \$131,441 for the years ended December 31, 2014 and 2013, respectively.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the organization's primary business activities. These revenues include ASCVB's portion of the County Bed Tax, sales of goods and services at the John S. Knight Center and Greystone Hall. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the organization. All revenues and expenses not meeting this definition are reported as nonoperating.

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.

Unearned 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).

With few exceptions, ASCVB is no longer subject to income tax examinations by tax authorities for years before 2011.

Subsequent Events

Subsequent events have been evaluated through April 30, 2015, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 2. Capital Assets

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

	Balance at January 1, 2014	Additions	Dispositions	Transfers	Balance at December 31, 2014
Historical cost					
Furniture, fixtures and equipment	\$ 1,302,899	\$ 83,898	\$ -	\$ -	\$ 1,386,797
Computer software	9,814	-	-	-	9,814
Vehicles	13,314	-	-	-	13,314
Leasehold improvements	1,612,397	10,593	-	49,726	1,672,716
Equipment under capital leases	49,726	-	-	(49,726)	-
Total historical cost	2,988,150	94,491	-	-	3,082,641
Accumulated depreciation and amortization					
Furniture, fixtures and equipment	1,130,076	61,242	-	-	1,191,318
Computer software	9,152	512	-	-	9,664
Vehicles	7,989	2,663	-	-	10,652
Leasehold improvements	1,313,850	95,520	-	17,049	1,426,419
Equipment under capital leases	17,049	-	-	(17,049)	-
Total accumulated depreciation and amortization	2,478,116	159,937	-	-	2,638,053
	\$ 510,034	\$ (65,446)	\$ -	\$ -	\$ 444,588
	Balance at January 1, 2013	Additions	Dispositions	Transfers	Balance at December 31, 2013
Historical cost					
Furniture, fixtures and equipment	\$ 1,275,823	\$ 72,398	\$ 92,066	\$ 46,744	\$ 1,302,899
Computer software	31,602	-	21,788	-	9,814
Vehicles	13,314	-	-	-	13,314
Leasehold improvements	1,293,487	-	24,640	343,550	1,612,397
Equipment under capital leases	440,020	-	-	(390,294)	49,726
Total historical cost	3,054,246	72,398	138,494	-	2,988,150
Accumulated depreciation and amortization					
Furniture, fixtures and equipment	1,115,913	67,013	91,699	38,849	1,130,076
Computer software	29,546	1,394	21,788	-	9,152
Vehicles	5,326	2,663	-	-	7,989
Leasehold improvements	1,090,816	91,847	23,411	154,598	1,313,850
Equipment under capital leases	204,813	5,683	-	(193,447)	17,049
Total accumulated depreciation and amortization	2,446,414	168,600	136,898	-	2,478,116
	\$ 607,832	\$ (96,202)	\$ 1,596	\$ -	\$ 510,034

Depreciation and amortization expense was \$159,937 and \$168,600 for 2014 and 2013, respectively.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 3. Deposits and Investments

Monies held by ASCVB are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon ASCVB. Active monies must be maintained either as cash in ASCVB treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by ASCVB can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of ASCVB, and must be purchased with the expectation that it will be held to maturity.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 3. Deposits and Investments (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, ASCVB will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$436,513 of ASCVB's bank balance of \$686,513 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in ASCVB's name.

ASCVB has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with ASCVB or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

ASCVB's investment portfolio at December 31, 2014 consists of the following:

Investment Type	Fair value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
Certificates of Deposit	\$ 1,264,761	\$ 1,124,745	\$ 140,016	\$ -	\$ -
Total Investments	\$ 1,264,761	\$ 1,124,745	\$ 140,016	\$ -	\$ -

Interest Rate Risk ASCVB has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of ASCVB, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk ASCVB has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, ASCVB will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. ASVCB has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 3. Deposits and Investments (Continued)

Concentration of Credit Risk ASCVB places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2014:

Investment issuer	Percentage
Safra National Bank	20%
Everbank	17%
Niagara Bank	14%
Synovus	14%
Goldman Sachs	13%
Ally Bank	11%
Discover Bank	11%

Note 4. Retirement Plans

ASCVB sponsors an employee benefit plan, which qualifies under Section 401(k) of the Internal Revenue Code. The plan covers all employees including those covered by the collective bargaining union agreement that choose to participate and meet certain age and service requirements. The plan allows the employees to defer up to 15% of their annual compensation. At its discretion, ASCVB may elect to match employee contributions or make non-elective contributions. There were no employer contributions to the plan during 2014 and 2013.

Note 5. Short-Term Borrowings

ASCVB has a line of credit borrowing agreement with a bank. Under the terms of this agreement, ASCVB has available a \$500,000 line of credit. Interest is payable monthly at the bank's prime lending rate (3.25% at December 31, 2014) and is collateralized by ASCVB's investment account. There were no borrowings under this agreement at December 31, 2014 or 2013.

Note 6. Commitments and Contingencies

Operating Leases

ASCVB leases the John S. Knight Center from the City of Akron for a nominal rental of \$1 per year.

ASCVB also leases certain equipment and vehicles under noncancelable leases expiring in various years through 2017. Rental expense for operating leases was \$12,127 and \$18,232 for the years ended December 31, 2014 and 2013, 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, 2014.

2015	\$	22,590
2016		5,101
2017		3,826
2018		1
2019		1
Thereafter		1
	\$	<u>31,520</u>

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 7. Concentrations

Collective Bargaining Agreement

The two full-time and the majority of the part-time employees of the John S. Knight Center are covered by a collective bargaining agreement. The agreement covers the period beginning July 1, 2014 and expires June 30, 2017.

Note 8. Related Party Transactions

ASCVB receives operating revenues in the form of bed tax collections from the City of Akron and Summit County. The City of Akron also reimburses ASCVB for expenses related to repairs and maintenance and capital improvements to Greystone Hall. The receivable balance from the City of Akron was \$25,178 and \$195,735 at December 31, 2014 and 2013, respectively. The receivable balance from Summit County was \$890,741 and \$836,697 at December 31, 2014 and 2013, respectively.

Note 9. 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 John S. Knight Center and improvements. The amount of restricted funds was \$2,006,692 and \$2,106,768 at December 31, 2014 and 2013, respectively.

SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN NET POSITION – BUREAU

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Summit County	\$ 3,420,813	\$ 3,179,629
City of Akron	138,000	138,000
Everything Akron Store	685	175
Total operating revenues	3,559,498	3,317,804
OPERATING EXPENSES		
Salaries and wages	464,224	417,578
Payroll taxes and employee benefits	98,671	89,767
Property insurance	9,770	9,125
Utilities	11,969	11,619
Promotion	380,999	333,882
Advertising and printing	139,516	115,813
Office supplies and accessories	4,815	4,771
Postage	17,718	11,622
Dues and subscriptions	10,774	9,815
Professional fees	24,971	14,551
Travel	33,150	26,557
Maintenance and repairs	14,334	24,991
Lease	2,552	2,518
Trade shows	698	2,590
Miscellaneous	5,769	4,967
Total operating expenses	1,219,930	1,080,166
Operating income before depreciation and amortization	2,339,568	2,237,638
Depreciation and amortization	2,663	2,663
Operating income	2,336,905	2,234,975
NONOPERATING REVENUE		
Management fee	-	17,499
Investment and other income	17,860	22,287
Total nonoperating revenue	17,860	39,786
Change in net position	\$ 2,354,765	\$ 2,274,761

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

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Space income	\$ 359,143	\$ 318,600
Food service	1,506,198	1,199,138
Ancillary service	769,536	627,595
Total operating revenues	2,634,877	2,145,333
OPERATING EXPENSES		
Salaries and wages	1,899,657	1,720,664
Payroll taxes and employee benefits	388,917	432,780
Property insurance	77,900	76,599
Utilities	359,892	316,674
Promotion	47,185	42,363
Bad debt expense - net of recoveries	-	96
Advertising and printing	19,128	12,653
Office supplies and accessories	28,237	24,884
Postage	7,987	5,306
Dues and subscriptions	2,383	1,957
Professional fees	22,579	19,866
Travel	7,076	8,967
Maintenance and repairs	277,873	300,858
Contracted services	415,911	322,960
Food services	756,534	607,715
Lease	9,575	9,116
Audiovisual	32,554	34,588
Trade shows	698	1,565
Video conferencing	696	-
Miscellaneous	72,380	53,497
Total operating expenses	4,427,162	3,993,108
Operating loss before depreciation and amortization	(1,792,285)	(1,847,775)
Depreciation and amortization	129,349	136,001
Operating loss	(1,921,634)	(1,983,776)
NONOPERATING INCOME (EXPENSE)		
Loss on disposal of assets	-	(1,596)
Interest income (expense)	899	(2,245)
Total nonoperating income (expense)	899	(3,841)
Change in net position	\$ (1,920,735)	\$ (1,987,617)

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

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Space income	\$ 6,613	\$ 14,976
Rental income	69,600	65,110
Food service	487,090	631,496
Ancillary service	37,310	43,706
Total operating revenues	600,613	755,288
OPERATING EXPENSES		
Salaries and wages	295,065	342,539
Payroll taxes and employee benefits	50,398	56,498
Property insurance	10,906	7,226
Utilities	4,834	5,185
Promotion	2,842	4,036
Advertising and printing	2,421	2,975
Office supplies and accessories	10,438	8,462
Postage	661	689
Professional fees	6,186	6,886
Travel	602	568
Maintenance and repairs	5,579	4,413
Contracted services	10,955	15,834
Food services	233,806	263,297
Audiovisual	1,422	1,682
Total operating expenses	636,115	720,290
Operating income (loss) before depreciation and amortization	(35,502)	34,998
Depreciation and amortization	4,796	6,807
Operating income (loss)	(40,298)	28,191
NONOPERATING EXPENSES		
Management fee	-	(17,499)
Utility reimbursement to City of Akron	-	(17,499)
Total nonoperating expenses	-	(34,998)
Change in net position	\$ (40,298)	\$ (6,807)

SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN NET POSITION – CREPERIE

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2014 and 2013

	2014	2013
OPERATING REVENUE		
Food service	\$ -	\$ -
Total operating revenue	-	-
OPERATING EXPENSES		
Salaries and wages	-	-
Payroll taxes and employee benefits	-	-
Utilities	-	-
Professional fees	-	-
Food services	-	-
Miscellaneous	-	-
Total operating expenses	-	-
Operating loss before depreciation and amortization	-	-
Depreciation and amortization	23,129	23,129
Operating loss	(23,129)	(23,129)
Change in net position	\$ (23,129)	\$ (23,129)



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
John S. Knight Center
77 E. Mill Street
Akron, OH 44308

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 Akron/Summit Convention & Visitors Bureau, Inc., Summit County, Ohio, (the Bureau) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements and have issued our report thereon dated April 30, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 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 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.

Compliance and Other Matters

As part of reasonably assuring whether the 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 Bureau's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Bureau's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" at the end.

Dave Yost
Auditor of State
Columbus, Ohio

April 30, 2015



Dave Yost • Auditor of State

AKRON SUMMIT CONVENTION AND VISITORS BUREAU

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 21, 2015**