

**Audited Financial Statements and
Other Financial Information**

Akron/Summit Convention & Visitors Bureau, Inc.

December 31, 2005 and 2004

BRUNER-COX LLP

Business Consultants & Certified Public Accountants



**Auditor of State
Betty Montgomery**

Board of Trustees
Akron/Summit Convention & Visitors Bureau, Inc.
77 E. Mill Street
Akron, Ohio 44308

We have reviewed the *Independent Auditors' Report* of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, prepared by Brunner-Cox, LLP, for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Akron/Summit Convention & Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

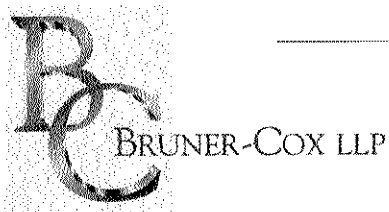
BETTY MONTGOMERY
Auditor of State

June 14, 2006

This Page is Intentionally Left Blank.

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Unrestricted Revenue and Expenses	3
Statements of Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6
INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION	10
OTHER FINANCIAL INFORMATION	
Schedules of Activities – Bureau	11
Schedules of Activities – Center	12
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	13



AES Campus Building
388 South Main St. • Suite 403
Akron, OH 44311-4407

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Akron/Summit Convention & Visitors Bureau, Inc. as of December 31, 2005 and 2004, and the related statements of unrestricted revenue and expenses, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Akron/Summit Convention & Visitors Bureau, Inc. as of December 31, 2005 and 2004, and the changes in net assets 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 January 31, 2006 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 and agreements. 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.

Bruner-Cox, LLP

January 31, 2006

STATEMENTS OF FINANCIAL POSITION
AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
Cash	\$ 184,266	\$ 79,158
Money market funds	1,076,277	1,453,484
Cash and cash equivalents	1,260,543	1,532,642
Accounts receivable less allowance for doubtful accounts of \$160,023 in 2005 and \$130,023 in 2004	770,555	680,175
Accounts receivable - Summit County	134,920	391,411
Inventory	65,539	52,933
Prepaid expenses	110,240	92,908
Property and equipment, net of accumulated depreciation	888,150	883,839
	<u>\$ 3,229,947</u>	<u>\$ 3,633,908</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 92,650	\$ 113,721
Accrued expenses	105,017	56,688
Note payable	4,951	9,149
Capital lease obligation	7,707	10,520
Deferred revenues	127,261	106,438
Total liabilities	337,586	296,516
 Net assets		
Unrestricted	816,050	1,538,683
Temporarily restricted	2,076,311	1,798,709
	<u>2,892,361</u>	<u>3,337,392</u>
	<u>\$ 3,229,947</u>	<u>\$ 3,633,908</u>

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

STATEMENTS OF UNRESTRICTED REVENUE AND EXPENSES

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2005 and 2004

	2005	2004
UNRESTRICTED REVENUE		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,693,982	1,665,020
Space income	395,364	547,069
Food service	1,007,952	1,031,569
Ancillary service	565,062	702,967
Investment and other income	67,783	45,470
Total unrestricted revenue	3,905,143	4,167,095
EXPENSES		
Salaries and wages	1,653,576	1,561,644
Payroll taxes and employee benefits	405,519	360,745
Property insurance	127,519	124,878
Telephone	61,346	64,135
Utilities	291,688	333,435
Promotion	170,908	130,467
Bad debt expense - net of recoveries	30,608	(19,300)
Advertising and printing	161,086	184,427
Office supplies and accessories	11,529	8,825
Postage	25,583	24,400
Dues and subscriptions	13,805	12,860
Professional fees	64,568	88,558
Travel	48,846	23,375
Parking	389	16,530
Maintenance and repairs	170,031	211,566
Contracted services	275,814	346,810
Food services	487,453	485,851
Auto lease	10,643	10,908
Audiovisual	55,058	72,181
Trust fees	1,856	1,998
Trade shows	18,650	12,875
Video conferencing	4,924	7,223
Miscellaneous	10,228	11,654
Depreciation	264,067	263,767
Interest	711	1,527
Total expenses	4,366,405	4,341,339
Decrease in unrestricted net assets	\$ (461,262)	\$ (174,244)

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

STATEMENTS OF CHANGES IN NET ASSETS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2005 and 2004

	2005	2004
UNRESTRICTED NET ASSETS		
Total unrestricted revenue	\$ 3,905,143	\$ 4,167,095
Total unrestricted expenses	(4,366,405)	(4,341,339)
Depreciation funding	(261,371)	(252,985)
	<hr/>	<hr/>
Decrease in net unrestricted assets	(722,633)	(427,229)
TEMPORARILY RESTRICTED ASSETS		
Investment income	16,231	14,435
Depreciation funding	261,371	252,985
	<hr/>	<hr/>
Increase in temporarily restricted assets	277,602	267,420
	<hr/>	<hr/>
Decrease in net assets	(445,031)	(159,809)
NET ASSETS, BEGINNING OF YEAR	<hr/> 3,337,392	<hr/> 3,497,201
NET ASSETS, END OF YEAR	<hr/> \$ 2,892,361	<hr/> \$ 3,337,392

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, 2005 and 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (445,031)	\$ (159,809)
Noncash items included in decrease in net assets		
Depreciation	264,067	263,767
Gain on disposal of fixed assets	-	(3,750)
Changes in assets and liabilities		
Accounts receivable	(90,380)	(207,402)
Accounts receivable - Summit County	256,491	39,040
Inventory	(12,606)	2,106
Prepaid expenses	(17,332)	(3,763)
Accounts payable	(21,071)	21,977
Accrued expenses	48,329	(30,765)
Deferred revenues	20,823	(16,741)
	3,290	(95,340)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(268,378)	(196,994)
Proceeds from sale of fixed assets	-	3,750
	(268,378)	(193,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on borrowings	(7,011)	(6,260)
	(7,011)	(6,260)
Decrease in cash and cash equivalents	(272,099)	(294,844)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,532,642	1,827,486
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,260,543	\$ 1,532,642
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 711	\$ 1,527

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

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business

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

The Board of Trustees governs the operation of the Akron/Summit Convention & Visitors Bureau (ASCVB) and the John S. Knight Center (JSK). It is the purpose of the ASCVB to actively promote the Akron/Summit County area as an ideal location for conventions of all sizes, plus tourism for the area's various points of interest. It is the purpose of the JSK to completely manage and maintain the John S. Knight Center, a convention center (owned by the City of Akron) located in downtown Akron.

The financial statements reflect the application of certain accounting policies described in this note.

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

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

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

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents amounts due from customers for events held at the John S. Knight Center; credit is extended based on an evaluation of a business or individual's financial condition and generally, collateral is not required. Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying delinquent accounts and by using historical experience. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Accounts Receivable - Summit County

Accounts receivable - Summit County represents amounts due from the County of Summit for room taxes collected in the final quarter of the calendar year.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Property and Equipment

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

Deferred Revenues

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

Income Taxes

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

Reclassifications

Certain information previously reported in the December 31, 2004 financial statements has been reclassified to conform to the current year presentation.

Note 2. Property and Equipment

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

	Bureau		Center		Total	
	2005	2004	2005	2004	2005	2004
Furniture and fixtures	\$ 62,333	\$ 62,333	\$ 1,197,408	\$ 1,074,908	\$ 1,259,741	\$ 1,137,241
Computer software	-	-	177,424	175,444	177,424	175,444
Vehicles	26,956	26,956	-	-	26,956	26,956
Leasehold improvements	-	-	1,334,366	1,190,468	1,334,366	1,190,468
	89,289	89,289	2,709,198	2,440,820	2,798,487	2,530,109
Less accumulated depreciation	89,289	86,593	1,821,048	1,559,677	1,910,337	1,646,270
	\$ -	\$ 2,696	\$ 888,150	\$ 881,143	\$ 888,150	\$ 883,839

Depreciation expense was \$264,067 and \$263,767 for 2005 and 2004, respectively.

Note 3. Money Market Funds

The Bureau's investment portfolios at December 31 consist of money market funds. Investment income for 2005 and 2004 was \$18,157 and \$16,139, respectively.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 4. Retirement Plans

The Bureau sponsors an employee benefit plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan covers all employees meeting certain age and service requirements. The plan allows the employees to defer up to 15% of their annual compensation. At its discretion, the Bureau may elect to match employee contributions or make nonelective contributions. During 2005 and 2004, \$38,734 and \$36,416, respectively, were recorded as expense under this plan.

Note 5. Note Payable

On January 5, 2001, the Bureau borrowed \$21,956 from a bank at an interest rate of 10.00%. The loan is due on January 4, 2007 and is collateralized by a vehicle. Outstanding balances on the loan were \$4,950 and \$9,149 on December 31, 2005 and 2004, respectively.

Note 6. Commitments and Contingencies

Lease of Convention Center

The Bureau 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.

Capital Lease

During 2003, the Bureau acquired equipment used in operations through a lease arrangement that has been classified as a capital lease. The equipment has been capitalized at the present value of the future minimum lease payments at the inception of the lease and is being amortized over 60 months. The outstanding balances on the capital lease obligation were \$7,707 and \$10,520 at December 31, 2005 and 2004, respectively.

Employment Contract

The Bureau has entered into an employment contract with its president through April 24, 2008 that provides for a minimum salary, adjusted annually for cost of living changes, and incentives based on the Bureau's attainment of specified levels of sales and earnings.

Contingencies

The Bureau, in the course of its normal operations, is subject to claims and lawsuits which may arise from time to time. The Bureau does not believe any matters or proceedings presently pending will have a material adverse effect on its financial position, results of operation or liquidity.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 7. Temporarily Restricted Net Assets

Under the term of the lease agreement with the City of Akron discussed in Note 6, the Bureau is required to "establish and fund a recurring capital cost fund to pay for repairs and maintenance" of the Center and improvements. Temporarily restricted net assets are available for this purpose. It is the intent of the Bureau to temporarily restrict assets in the amount of depreciation expense and investment income annually to comply with this external restriction.

**INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL
INFORMATION**

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

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following schedules for 2005 and 2004 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 audits 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
January 31, 2006

SCHEDULES OF ACTIVITIES – BUREAU

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2005 and 2004

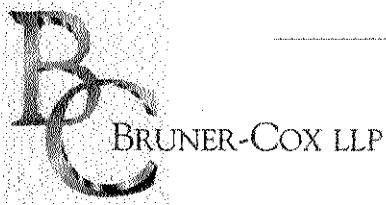
	2005	2004
UNRESTRICTED REVENUE		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,693,982	1,665,020
Investment and other income	61,034	23,441
Total unrestricted revenue	1,930,016	1,863,461
EXPENSES		
Salaries and wages	389,489	359,560
Payroll taxes and employee benefits	90,988	84,873
Property insurance	19,523	20,769
Telephone	17,743	18,664
Promotion	125,391	79,337
Advertising and printing	103,857	134,709
Office supplies and accessories	4,483	4,582
Postage	16,378	14,934
Dues and subscriptions	8,333	8,954
Professional fees	40,397	55,035
Travel	42,589	22,254
Maintenance and repairs	16,233	21,872
Auto lease	5,607	6,259
Trust fees	1,856	1,998
Trade shows	15,225	12,105
Miscellaneous	140	959
Depreciation	2,696	10,782
Interest	711	1,527
Total expenses	901,639	859,173
Net excess revenues	\$ 1,028,377	\$ 1,004,288

SCHEDULES OF ACTIVITIES – CENTER

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2005 and 2004

	2005	2004
UNRESTRICTED REVENUE		
Space income	\$ 395,364	\$ 547,069
Food service, net	1,007,952	1,031,569
Ancillary service	565,062	702,967
Investment and other income	6,749	22,029
Total unrestricted revenue	1,975,127	2,303,634
EXPENSES		
Salaries and wages	1,264,087	1,202,084
Payroll taxes and employee benefits	314,531	275,872
Property insurance	107,996	104,109
Telephone	43,603	45,471
Utilities	291,688	333,435
Promotion	45,517	51,130
Bad debt expense - net of recoveries	30,608	(19,300)
Advertising and printing	57,229	49,718
Office supplies and accessories	7,046	4,243
Postage	9,205	9,466
Dues and subscriptions	5,472	3,906
Professional fees	24,171	33,523
Travel	6,257	1,121
Parking	389	16,530
Maintenance and repairs	153,798	189,694
Contracted services	275,814	346,810
Food services	487,453	485,851
Auto lease	5,036	4,649
Audiovisual	55,058	72,181
Trade shows	3,425	770
Video conferencing	4,924	7,223
Miscellaneous	10,088	10,695
Depreciation	261,371	252,985
Total expenses	3,464,766	3,482,166
Net excess expenses	\$ (1,489,639)	\$ (1,178,532)



AES Campus Building
388 South Main St. • Suite 403
Akron, OH 44311-4407

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND 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 Trustees
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, 2005, and have issued our report thereon dated January 31, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 that are required to be reported under Government Auditing Standards.

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

Bruner-Cox, LLP

January 31, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 1, 2006**