

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

SUMMIT COUNTY

AUDIT REPORT

For the Year Ended December 31, 2015





Dave Yost • Auditor of State

Board of Directors
Akron Summit Convention and Visitors Bureau
77 East Mill Street
Akron, Ohio 44308

We have reviewed the *Independent Auditor's Report* of the Akron Summit Convention and Visitors Bureau, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2015. 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 Visitors Bureau is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 5, 2016

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Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
For the Years Ended December 31, 2015 and 2014

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Akron/Summit Convention & Visitors Bureau, Inc.
Summit County
John S. Knight Center
77 East 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 ASCVB), which comprise the statement of net position as of December 31, 2015, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We conducted our audit 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 ASCVB'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 ASCVB'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 the overall financial statement presentation.

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

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, Ohio, as of December 31, 2015, and the 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* listed in the table of contents, 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 ASCVB's basic financial statements taken as a whole. The schedules of revenues, expenses and changes in net position for the Bureau, John S. Knight Center, Greystone Hall, and Creperie present additional analysis and are not a required part of the basic financial statements.

The schedules of revenues, expenses and changes in net position for the Bureau, John S. Knight Center, Greystone Hall 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 this information 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.

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, Ohio as of and for the year ended December 31, 2014, were audited by the predecessor auditor whose report dated April 30, 2015, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2016, on our consideration of the ASCVB'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 ASCVB's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 3, 2016

Akron/Summit Convention & Visitors Bureau, Inc.
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
(Unaudited)

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, 2015 and 2014. This information in the MD&A should be read in conjunction with the ASCVB's financial statements and corresponding notes to the financial statements.

Financial Highlights and Outlook

Calendar year 2015 demonstrated a rising pattern for the organization. A diverse product base and healthy industry revenue created a strong overall fiscal platform for the Bureau and partner organizations.

The following is an outline of main factors of this analysis:

As the marketplace, travel habits and industry standards continue to change at an intense pace we have focused on remaining adoptable to provide the most up to date services and products. Additionally, reinforcement and a deliberate focus on staple activities in marketing & promotion fortifies 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 2015 of 5.2% over 2014 collections
 - 2015 Total Gross Collections: \$5,018,516
 - 2014 Total Gross Collections: \$4,770,972
- Smith Travel Research reports (for the Greater Akron MSA through December 2015) indicate the following results for 2015 vs. 2014:

	<u>Akron MSA</u>	<u>Statewide</u>
▪ Occupancy:	59.8% = Increase of 1.2%	60.5% = Increase of 0.9%
▪ Average Daily Rate:	\$91.32 = Increase of 2.6%	\$93.66 = Increase of 3.6%
▪ RevPAR:	\$53.26 = Increase of 1.4%	\$56.66 = Increase of 2.8%
- Growth patterns of Frequent Business Travelers and Core local business room-demand generators continue to provide year round market share. Additionally, an increased level of small & mid-size users in the marketplace bring an overall demand and supplemental room traffic
- Tasked with an increase in room inventory, 2015 resulted in growth, albeit minimal, for Hotel ADR, Occupancy and REVPAr increased. Hotel management remained steadfast in their progressive yield management with a focused on driving rate vs. occupancy. This effort stimulated cash flow for renovations, capital enhancements and hotel property re-investment

Akron/Summit Convention & Visitors Bureau, Inc.
Management's Discussion and Analysis
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(Unaudited)

- Hotel Development:
 - Three new hotels opened in the market in 2015
 - Courtyard by Marriott (Akron); Residence Inn (Fairlawn); Fairfield Inn (Bath Township)
 - One property is under construction; Fairfield Inn (Stow)
 - Proposed development on the corner of Main & Market, the Blu-tique Hotel
 - Efforts continue to seek further and optional hotel development activities in direct relations to the Center
 - Sustained growth of demand is presently in line with the growth in supply on a county-wide level
 - Previous experience in brand dissention has ceased
 - Re-investment via capital projects, refurbishments and renovation was spread throughout the county at a significant number of hotel properties

- Number of Events:
 - In 2015 the Center hosted:
 - 184 Events in 2015 vs. 187 in 2014 | decrease of 1.6%
 - 389,000 Visitors in 2015 vs. 394,000 in 2014 | decrease of 1.3%
 - In 2015 Greystone Hall hosted:
 - 106 Events in 2015 vs. 93 in 2014 | increase of 14%
 - 20,842 Visitors in 2015 vs. 19,157 in 2014 | increase of 8.8%

- Market trending of short-term bookings continues and we are positioned to facilitate and service these events with in-house service and convenience of pre-designed packages
- Bureau Sales Staff has been added to help augment room generation to meet the increased supply of hotel rooms
- Increased budget line items for Sales, Promotion and Advertising have been applied
- The implementation of a new CRM system has amplified staff efficiency and the capacity for external partners collaborations
- The DEFY Convention Campaign started in 2014 and continued in 2015 with a 2.0 version resulted in successes in many markets and size group/conventions
- 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
- Hospitality partner outreach through our Partnerships in Motion continues to unify and provide impactful connections with partners for mutually beneficial outcomes
- Attendance at local events and activities continues to grow as niche marketing and specialized activities have proven to be the current path to success

Akron/Summit Convention & Visitors Bureau, Inc.
Management's Discussion and Analysis
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(Unaudited)

- Iconic Events and Attractions have demonstrated growth complimenting their stability through evolving of additional activities
 - Bridgestone Invitational continues to gain national recognition
 - All-American Soap Box Derby has created the Gravity Race Challenge
 - Akron Marathon has created the Rubber City Race Series extending their reach to three events
 - Akron Zoo is adding a Ferris Wheel and Primates to their grounds and park amenities
 - Akron Art Museum is opening the Rogers Garden to extend their reach outside their walls
- The Bureau's Destination Development Grant program continued in an effort to infuse funding in local hospitality partners to enable progress and growth of products and offerings
- State, Regional and National events, Convention Center based Trade Shows and Corporate activities continue to be an integral part of our overall business mix
- For 2016 the launch of the Sports Alliance of Greater Akron will significantly increase our promotion to Adult and Youth Sporting Groups and Events, helping to shore up solid shoulders months and increased traffic to the historically high occupancy summer months
- Greystone Hall's Management agreement with the City of Akron evolved to a positive position with the signing of a one year rolling contract furthering our ability to secure events and tenants
- Continual cultivation of forward-thinking efforts at the Center and Greystone to refine Utilities, Operational, Food Service and Client Relations activities resulting in positive outcomes
- Akron-Canton Airport is diversifying efforts based on reduction of Southwest Airline's flight schedule

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 Government Accounting Standards Board (GASB).

The basic financial statements of the ASCVB together with the notes, which are essential to a full understanding of the data contained in the financial statements, are the following:

- Statement of Net Position – This statement presents information on all the ASCVB's assets and liabilities, with the difference between the two reported as net position.

Akron/Summit Convention & Visitors Bureau, Inc.
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
(Unaudited)

- Statement of Revenues, Expenses and Changes in Net Position – This statement shows how the ASCVB's net position has changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.
- Statement of Cash Flows – This statement reports 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 the ASCVB's Net Position and Revenues, Expenses and Changes in Net Position

The tables below provide a summary of the ASCVB's financial position and operations for 2015, 2014 and 2013. Certain amounts may vary slightly due to differences caused by rounding to thousands.

Condensed Statements of Net Position
December 31
(Amounts in thousands)

	2015	Change	2014	Change	2013
Current assets	\$ 3,985	22%	\$ 3,258	29%	\$ 2,524
Capital assets, net of accumulated depreciation and amortization	456	2%	445	-13%	510
Long-term assets	51	-80%	261	-55%	583
Total assets	4,492	13%	3,964	-39%	3,617
Current liabilities	1,265	39%	910	0%	909
Long-term liabilities	107	-28%	149	-14%	174
Total liabilities	1,372	30%	1,059	-2%	1,083
Net investment in capital assets	398	-11%	445	-11%	499
Restricted for capital assets	1,890	-6%	2,006	-5%	2,106
Unrestricted (deficit)	832	84%	453	729%	(72)
Total net position	3,120	7%	2,904	15%	2,533
Total liabilities and net position	\$ 4,492	13%	\$ 3,963	10%	\$ 3,616

During 2015 and 2014, net position increased by approximately \$216,000 and \$370,000, respectively.

Akron/Summit Convention & Visitors Bureau, Inc.
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
(Unaudited)

The following tables summarizes the changes in revenue and expenses for the ASCVB between 2015, 2014 and 2013.

Condensed Statements of Revenue, Expenses and Changes in Net Position
For the Years Ended December 31
(Amounts in thousands)

	2015	Change	2014	Change	2013
<u>Operating Revenues</u>					
Hotel/motel tax	\$ 3,733	5%	\$ 3,559	7%	\$ 3,318
Space, food and ancillary service	3,155	-3%	3,236	12%	2,901
Total operating revenue	6,888	1%	6,795	19%	6,219
<u>Operating Expenses</u>					
Payroll and benefits	3,377	6%	3,197	4%	3,060
Property insurance	98	-1%	99	6%	93
Utilities	389	3%	377	13%	333
Advertising and promotion	622	5%	594	15%	516
Supplies	83	0%	83	22%	68
Maintenance and repairs	306	3%	298	-10%	330
Contracted services	516	7%	481	27%	380
Food services	924	-7%	990	14%	871
Depreciation and amortization	154	-4%	160	-5%	169
Other	202	22%	165	15%	143
Total operating expenses	6,671	4%	6,444	8%	5,963
<u>Nonoperating Revenues (Expenses)</u>					
Investment and other income (loss)	(2)	-111%	19	1800%	1
Total nonoperating revenue and expense	(2)	-111%	19	1800%	1
Change in net position	\$ 215	-42%	\$ 370	44%	\$ 257

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 the ASCVB for operations. The remaining revenues largely come from convention facility sales.

Akron/Summit Convention & Visitors Bureau, Inc.
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
(Unaudited)

Operating Expenses

Operating expenses increased by approximately \$227,000 primarily from increases in professional services, advertising and promotion, and payroll and benefits.

Capital Assets

At the end of 2015, the ASCVB has approximately \$398,000 invested in capital assets. The net investment in capital assets includes improvements 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, the ASCVB has been able to contain costs. The ASCVB anticipates a flat revenue stream and will continue to contain costs to stay within the operating budget.

Contacting the ASCVB's Financial Management

This report is designed to provide a general overview of the 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, OH 44308.

Akron/Summit Convention & Visitor's Bureau, Inc.
Statement of Net Position
Proprietary Fund Type
December 31, 2015 and 2014

<u>Assets</u>	2015	2014
Current Assets		
Cash and cash equivalents	\$ 1,586,235	\$ 632,289
Short-term investments	389,332	1,124,745
Accounts receivable less allowance for doubtful accounts of \$10,000 in 2015 and 2014	686,189	388,554
Accounts receivable:		
Summit County	963,639	890,740
City of Akron	157,758	25,178
Inventory	76,145	64,801
Prepaid expenses	125,474	131,515
Total Current Assets	3,984,772	3,257,822
Noncurrent Assets		
Property and equipment, net of depreciation and amortization	456,135	444,588
Accounts receivable, net of current	50,580	121,027
Long-term investments	-	140,016
Total Noncurrent Assets	506,715	705,631
Total Assets	4,491,487	3,963,453
 Liabilities		
Current Liabilities		
Capital lease obligation, current portion	10,300	-
Accounts payable	143,169	109,386
Accrued expenses	293,437	305,736
Unearned revenue and customer deposits, current portion	818,074	495,122
Total Current Liabilities	1,264,980	910,244
Long-term Liabilities		
Capital lease obligation, net of current	47,499	-
Unearned revenue and customer deposits, net of current	59,183	148,984
Total Long-term Liabilities	106,682	148,984
Total Liabilities	1,371,662	1,059,228
 Net Position		
Net investment in capital assets	398,336	444,588
Restricted for capital assets	1,889,605	2,006,692
Unrestricted	831,884	452,945
Total Net Position	\$ 3,119,825	\$ 2,904,225

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

Akron/Summit Convention & Visitor's Bureau, Inc.
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type
For the Years Ended December 31, 2015 and 2014

	2015	2014
<u>Operating Revenues:</u>		
Summit County	\$ 3,595,416	\$ 3,420,813
City of Akron	138,000	138,000
Space income	411,845	365,756
Rental income	62,400	69,600
Food service	1,933,401	1,993,288
Ancillary service	747,540	806,846
Everything Akron Store	159	685
Total Operating Revenue	6,888,761	6,794,988
<u>Operating Expenses:</u>		
Salaries and wages	2,770,137	2,658,946
Payroll taxes and employee benefits	607,403	537,986
Property insurance	97,803	98,576
Utilities	388,914	376,695
Promotion	422,826	431,026
Bad debt expense - net of recoveries	619	-
Advertising and printing	198,773	161,065
Office supplies and accessories	53,701	43,490
Postage	15,781	26,366
Dues and subscriptions	13,030	13,157
Professional fees	142,328	53,736
Travel	54,710	40,828
Maintenance and repairs	306,415	297,786
Contracted services	373,917	426,866
Food services	923,999	990,340
Lease	10,599	12,127
Audiovisual	20,604	33,976
Trade shows	11,629	1,396
Video conferencing	-	696
Miscellaneous	103,824	78,149
Depreciation and amortization	153,994	159,937
Total Operating Expenses	6,671,006	6,443,144
Operating Income (Loss)	217,755	351,844
<u>Non-Operating Revenues (Expenses):</u>		
Loss on disposal of assets	(17,712)	-
Interest income (expense)	(310)	899
Investment and other income	15,867	17,860
Total Non-Operating Revenues (Expenses)	(2,155)	18,759
Change in Net Position	215,600	370,603
Net Position, Beginning of Year	2,904,225	2,533,622
Net Position, End of Year	\$ 3,119,825	\$ 2,904,225

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

Akron/Summit Convention & Visitor's Bureau, Inc.
Statement of Cash Flows
Proprietary Fund Type
For the Years Ended December 31, 2015 and 2014

	2015	2014
<u>Cash Flows from Operating Activities:</u>		
Cash received from customers, taxes and subsidies	\$ 6,689,245	6,857,396
Cash payments to suppliers for goods and services	(3,110,992)	\$ (3,086,720)
Cash payments to employees for services	(3,389,839)	(3,212,217)
Net cash provided (used) by operating activities	188,414	558,459
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Cash refunds (payments) of interest	(310)	899
Purchases of capital assets	(116,820)	(94,491)
Payments on capital lease obligations	(10,997)	(11,212)
Net cash provided (used) by operating activities	(128,127)	(104,804)
<u>Cash Flows from Investing Activities:</u>		
Interest on investments	18,230	19,324
Redemption of investments	-	300,000
Purchase of investments	875,429	(822,673)
Net cash provided (used) by investing activities	893,659	(503,349)
Increase (decrease) in cash and cash equivalents	953,946	(49,694)
Cash and Cash Equivalents, Beginning of Year	632,289	681,983
Cash and Cash Equivalents, End of Year	\$ 1,586,235	\$ 632,289
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities</u>		
Operating income	\$ 217,755	\$ 351,844
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	153,994	159,937
Increase/decrease in operating assets and liabilities:		
Accounts receivable	(227,188)	(60,929)
Accounts receivable - Summit County	(72,899)	(54,044)
Accounts receivable - City of Akron	(132,580)	170,557
Inventory	(11,344)	3,985
Prepaid expenses	6,041	71
Accounts payable	33,783	(4,501)
Accrued expenses	(12,299)	(15,285)
Unearned revenue and customer deposits	233,151	6,824
Total adjustments	(29,341)	206,615
Net cash provided (used) by operating activities	\$ 188,414	\$ 558,459
<u>Supplemental Disclosure of Non-Cash Capital Financing Activities</u>		
Loss on disposal of assets	\$ 17,712	\$ -
Inception of capital lease	59,640	-
Total Non-Cash Financing Activities	\$ 77,352	\$ -
<u>Supplemental Disclosures of Non-Cash Investing Activities</u>		
Unrealized gain on investments	\$ -	\$ 1,798

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

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Description of the Entity

The Akron Summit Convention & Visitors Bureau, Inc. (the ASCVB) is a non-profit organization governed by a Board of Directors composed of fifteen (15) members. Appointments are made to the Board of Directors by the City of Akron (7), Summit County (7) and the Tri County Labor Council (1).

The Board of Directors governs the operation of the ASCVB, including 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.

Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34*. The reporting entity is composed of the primary government and component units. The primary government consists of all organizations, activities, and functions that are not legally separate from the ASCVB. For the ASCVB, this includes general operations.

Component units are legally separate organizations for which the ASCVB is financially accountable. The ASCVB is financially accountable for an organization if the ASCVB appoints a voting majority of the organization's Governing Board and a) the ASCVB is able to significantly influence the programs or services performed or provided by the organization; or b) the ASCVB is legally entitled to or can otherwise access the organization's resources; or c) the ASCVB is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or d) the ASCVB is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the ASCVB in that the ASCVB approves the budget or the issuance of debt. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. The ASCVB has no component units.

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the ASCVB have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*, the Authority follows GASB guidance as applicable to proprietary funds.

The ASCVB's financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The ASCVB uses a single proprietary fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Proprietary fund reporting focuses on the determination of the changes in net position, financial position and cash flows. A proprietary fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

The proprietary fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and deferred inflows of resources and all liabilities and deferred outflows of resources associated with the operation of the ASCVB are included on the statement of net position. The statement of changes in net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the ASCVB finances and meets the cash flow needs of its enterprise activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the ASCVB's proprietary fund are bed tax revenues collected by the County Fiscal Officer and food service revenue. Operating expenses for the proprietary fund include the costs of facility maintenance, operation of the John S. Knight Center and Greystone Hall, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Investments

Cash and cash equivalents include investments with original maturities of three months or less at the time of purchase. Cash equivalents are carried at fair value. Investments with an initial maturity of more than three months are reported as investments. An analysis of the ASCVB's investment account at year end is provided in Note 3.

Capital Assets

All capital assets (including land, structures and equipment) are capitalized at cost and updated for additions and retirements during the fiscal period. Donated capital assets are recorded at their fair market values as of the date received. The ASCVB maintains a capitalization threshold of \$2,500. The ASCVB does not possess any infrastructure. Improvements are capitalized, but the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated 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

Recognition of Revenues and Expenses

The ASCVB accounts for transactions using the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

The 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. Income from space, food and ancillary services for scheduled events is deferred and recognized in the period in which the event takes place.

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

Inventory

Inventory consists of food, beverages and related supplies and is carried at the lower of cost (first in, first out) or market. The expenses are recorded upon consumption.

Use of Estimates

The preparation of the financial statements in accordance with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 represents amounts due from Summit County for bed tax collected in the final quarter of the calendar year.

Accounts receivable – City of Akron represents amounts due from the City of Akron per the ASCVB's management agreement with the city.

Income Taxes

The ASCVB is exempt from income taxes under the current provisions of the Internal Revenue Code, Section 501(c)(6). With few exceptions, the ASCVB is no longer subject to income tax examinations by tax authorities for years before 2011.

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. The ASCVB applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 3 – Deposits and Investments

State statutes classify monies held by the ASCVB into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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.

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 3 – Deposits and Investments (continued)

Interim monies held by the 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 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 the ASCVB and must be purchased with the expectation that it will be held to maturity.

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 3 – Deposits and Investments (continued)

Investments may only be made through specified dealers and institutions. Payments 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.

Cash on Hand

At December 31, 2015, the ASCVB had \$14,600 in undeposited cash on hand, which is included on the Statement of Net Position as part of “Cash and Cash Equivalents”. There was no undeposited cash on hand as of December 31, 2014.

Deposits

At December 31, 2015 and 2014, the carrying amount of the ASCVB’s deposits was \$1,960,967 and \$1,897,050, respectively (including \$389,332 and \$1,264,761, respectively, of non-negotiable certificates of deposit), and the bank balance was \$1,996,306 and \$1,951,274, respectively. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2015 and 2014, none of the ASCVB’s bank balance was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the ASCVB’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the ASCVB. The ASCVB has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the Federal Reserve Bank of Boston and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the ASCVB to a successful claim by the FDIC.

Investments

The ASCVB has no formal investment policy however, the ASCVB’s investments were limited to certificates of deposit at December 31, 2015 and 2014.

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 3 – Deposits and Investments (continued)

Interest Rate Risk: The 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 the ASCVB, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The ASCVB's has no investment policy that specifically addresses credit risk beyond requiring the ASCVB to invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the ASCVB will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The ASCVB has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The ASCVB places no limit on the amount that may be invested in any one issuer.

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Additions	Deletions	Transfers	Balance 12/31/2015
<i><u>Historical Cost</u></i>					
Furniture, fixtures and equipment	\$ 1,386,797	\$ 90,517	\$ (3,763)	\$ 18,351	\$ 1,491,902
Computer software	9,814	-	-	-	9,814
Vehicles	13,314	-	-	-	13,314
Leasehold improvements	1,672,716	33,095	(84,798)	(18,351)	1,602,662
Equipment under capital leases	-	59,640	-	-	59,640
<i>Total historical cost</i>	<u>3,082,641</u>	<u>183,252</u>	<u>(88,561)</u>	<u>-</u>	<u>3,177,332</u>
<i><u>Accumulated Depreciation and Amortization</u></i>					
Furniture, fixtures and equipment	(1,191,318)	(72,255)	3,010	(12,846)	(1,273,409)
Computer software	(9,664)	(100)	-	-	(9,764)
Vehicles	(10,652)	(2,662)	-	-	(13,314)
Leasehold improvements	(1,426,419)	(77,983)	67,840	12,846	(1,423,716)
Equipment under capital leases	-	(994)	-	-	(994)
<i>Total accumulated depreciation and amortization</i>	<u>(2,638,053)</u>	<u>(153,994)</u>	<u>70,850</u>	<u>-</u>	<u>(2,721,197)</u>
Capital Assets, Net	<u>\$ 444,588</u>	<u>\$ 29,258</u>	<u>\$ (17,711)</u>	<u>\$ -</u>	<u>\$ 456,135</u>

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance 1/1/2014	Additions	Deletions	Transfers	Balance 12/31/2014
<i><u>Historical Cost</u></i>					
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)	-
<i>Total historical cost</i>	<u>2,988,150</u>	<u>94,491</u>	<u>-</u>	<u>-</u>	<u>3,082,641</u>
<i><u>Accumulated Depreciation and Amortization</u></i>					
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	-
<i>Total accumulated depreciation and amortization</i>	<u>(2,478,116)</u>	<u>(159,937)</u>	<u>-</u>	<u>-</u>	<u>(2,638,053)</u>
Capital Assets, Net	<u>\$ 510,034</u>	<u>\$ (65,446)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,588</u>

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 – Capital Lease

In 2015, the ASCVB entered into a capitalized lease agreement for the acquisition of copiers. The terms of the agreement provide an option to purchase the item. The lease meets the criteria of a capital lease as one which transfers all benefits and risks of ownership to the lessee. Capital assets acquired by lease have been capitalized as equipment in the amount of \$59,640 equal to the present value of the future minimum lease payments at the time of acquisition. No principal payments were due in the current fiscal year.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments at December 31, 2015.

Year Ending December 31:	<u>Copiers</u>
2016	\$ 12,904
2017	12,904
2018	12,904
2019	12,904
2020	<u>10,753</u>
Less: Interest	<u>(4,570)</u>
Total Minimum Lease Payment	<u><u>\$ 57,799</u></u>

Note 6 – Operating Leases

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

The ASCVB also leases certain equipment and vehicles under noncancelable leases expiring in various years through 2020. The following is a schedule of the future minimum lease payments required under the operating lease.

Year Ending December 31:	<u>Payment</u>
2016	\$ 8,713
2017	7,438
2018	3,613
2019	3,613
2020	<u>3,613</u>
Total Minimum Lease Payment	<u><u>\$ 26,990</u></u>

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 7 – Retirement Plan

The 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, the ASCVB may elect to match employee contributions or make non-elective contributions. There were no employer contributions to the plan during 2015 and 2014.

Note 8 – Short-term Borrowings

The ASCVB has a line of credit borrowing agreement with PNC bank. Under the terms of this agreement, the ASCVB has available a \$500,000 line of credit. Interest is payable monthly at the bank's prime lending rate (3.50% at December 31, 2015) and is collateralized by the ASCVB's investment account. There were no borrowings under this agreement at December 31, 2015 and 2014.

Note 9 – 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 10 – Risk Management

The ASCVB is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended December 31, 2015 and 2014, the ASCVB contracted with SeibertKeck to obtain coverage for the risks listed below.

The ASCVB is covered for property damage, general liability, automobile liability, and other crime liabilities through the purchased coverage provided by SeibertKeck.

Settled claims have not exceeded this coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Akron Summit Convention & Visitors Bureau, Inc.
Summit County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 11 – Restricted Net Position

Under the terms of the lease agreement with the City of Akron discussed in Note 6, the 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 related improvements. The amount of restricted funds was \$1,889,605 and \$2,006,692, respectively, at December 31, 2015 and 2014.

Note 12 – Contingencies

The ASCVB may be party to various legal proceedings. In the opinion of the ASCVB, the ultimate disposition of these proceedings will not have a materially adverse effect on the ASCVB’s financial position. No provision has been made in the financial statements for the effect, if any, of such contingencies.

Akron/Summit Convention & Visitor's Bureau, Inc.
Statement of Revenues, Expenses and Changes in Net Position
Convention & Visitors Bureau
For the Years Ended December 31, 2015 and 2014

	2015	2014
<u>OPERATING REVENUES:</u>		
Summit County	\$ 3,595,416	\$ 3,420,813
City of Akron	138,000	138,000
Everything Akron Store	159	685
Total Operating Revenue	3,733,575	3,559,498
 <u>OPERATING EXPENSES:</u>		
Salaries and wages	491,288	464,224
Payroll taxes and employee benefits	119,726	98,671
Property insurance	9,780	9,770
Utilities	11,803	11,969
Promotion	372,803	380,999
Advertising and printing	170,567	139,516
Office supplies and accessories	7,175	4,815
Postage	10,702	17,718
Dues and subscriptions	11,099	10,774
Professional fees	60,501	24,971
Travel	41,877	33,150
Maintenance and repairs	13,877	14,334
Lease	2,550	2,552
Trade shows	8,629	698
Miscellaneous	9,813	5,769
Depreciation and amortization	2,663	2,663
Total Operating Expenses	1,344,853	1,222,593
 Operating Income (Loss)	 2,388,722	 2,336,905
 <u>NON-OPERATING REVENUES (EXPENSE):</u>		
Investment and other income	15,866	17,860
Total Non-Operating Revenues (Expenses)	15,866	17,860
 Change in Net Position	 \$ 2,404,588	 \$ 2,354,765

Akron/Summit Convention & Visitor's Bureau, Inc.
Statement of Revenues, Expenses and Changes in Net Position
John S. Knight Center
For the Years Ended December 31, 2015 and 2014

	2015	2014
<u>OPERATING REVENUES:</u>		
Space income	\$ 393,533	\$ 359,143
Food service	1,323,463	1,506,198
Ancillary service	705,110	769,536
Total Operating Revenue	2,422,106	2,634,877
<u>OPERATING EXPENSES:</u>		
Salaries and wages	1,942,949	1,899,657
Payroll taxes and employee benefits	425,121	388,917
Property insurance	77,592	77,900
Utilities	369,855	359,892
Promotion	40,002	47,185
Bad debt expense - net of recoveries	619	-
Advertising and printing	26,456	19,128
Office supplies and accessories	27,111	28,237
Postage	4,580	7,987
Dues and subscriptions	1,931	2,383
Professional fees	67,967	22,579
Travel	11,309	7,076
Maintenance and repairs	286,948	277,873
Contracted services	363,663	415,911
Food services	667,859	756,534
Lease	8,049	9,575
Audiovisual	18,939	32,554
Trade shows	3,000	698
Video conferencing	-	696
Miscellaneous	94,011	72,380
Depreciation and amortization	134,106	129,349
Total Operating Expenses	4,572,067	4,556,511
Operating Income (Loss)	(2,149,961)	(1,921,634)
<u>NON-OPERATING REVENUES (EXPENSE):</u>		
Loss on disposal of assets	(17,712)	-
Interest income (expense)	310	899
Total Non-Operating Revenues (Expenses)	(17,402)	899
Change in Net Position	\$ (2,167,363)	\$ (1,920,735)

Akron/Summit Convention & Visitor's Bureau, Inc.
Statement of Revenues, Expenses and Changes in Net Position
Greystone Hall
For the Years Ended December 31, 2015 and 2014

	2015	2014
<u>OPERATING REVENUES:</u>		
Space income	\$ 18,313	\$ 6,613
Rental income	62,400	69,600
Food service	609,937	487,090
Ancillary service	42,429	37,310
Total Operating Revenue	733,079	600,613
<u>OPERATING EXPENSES:</u>		
Salaries and wages	335,900	295,065
Payroll taxes and employee benefits	62,556	50,398
Property insurance	10,430	10,906
Utilities	7,256	4,834
Promotion	10,021	2,842
Advertising and printing	1,750	2,421
Office supplies and accessories	19,415	10,438
Postage	499	661
Professional fees	13,860	6,186
Travel	1,524	602
Maintenance and repairs	5,590	5,579
Contracted services	10,255	10,955
Food services	256,140	233,806
Audiovisual	1,666	1,422
Depreciation and amortization	8,369	4,796
Total Operating Expenses	745,231	640,911
 Change in Net Position	 \$ (12,152)	 \$ (40,298)

Akron/Summit Convention & Visitor's Bureau, Inc.
Statement of Revenues, Expenses and Changes in Net Position
Creperie
For the Years Ended December 31, 2015 and 2014

	2015	2014
<u>OPERATING EXPENSES:</u>		
Depreciation and amortization	\$ 8,856	\$ 23,129
Total Operating Expenses	8,856	23,129
 Change in Net Position	 \$ (8,856)	 \$ (23,129)

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITORS' 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
77 East 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, (the ASCVB) which comprise the statement of net position as of December 31, 2015, and the statement of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 3, 2016, wherein we noted that other auditors audited the financial statements of the ASCVB as of and for the year ended December 31, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the ASCVB's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the ASCVB'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 ASCVB'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.

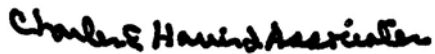
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies 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 ASCVB'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 ASCVB's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the ASCVB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 3, 2016



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
AUGUST 18, 2016**