

**Audited Financial Statements and  
Other Financial Information**

**Akron/Summit Convention & Visitors Bureau, Inc.**

**December 31, 2006 and 2005**



**BRUNER-COX LLP**

Business Consultants & Certified Public Accountants





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Akron/Summit Convention & Visitors Bureau, Inc.  
77 E. Mill Street  
Akron, Ohio 44308-1401

We have reviewed the *Independent Auditors' Report* of the Akron/Summit Convention and Visitors Bureau, Inc., Summit County, prepared by Bruner-Cox, LLP, for the audit period January 1, 2006 through December 31, 2006. 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, Inc. is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 16, 2007

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## 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, 2006 and 2005, 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, 2006 and 2005, 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 March 9, 2007 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*

March 9, 2007

**STATEMENTS OF FINANCIAL POSITION**

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

**December 31, 2006 and 2005**

	<b>2006</b>	Restated 2005
<b>ASSETS</b>		
Cash	\$ 102,909	\$ 184,266
Money market funds	420,022	1,076,277
<b>Cash and cash equivalents</b>	<b>522,931</b>	1,260,543
Accounts receivable less allowance for doubtful accounts of \$157,630 in 2006 and \$160,023 in 2005	756,913	770,555
Accounts receivable - Summit County	485,420	134,920
Inventory	63,948	65,539
Prepaid expenses	96,280	110,240
Property and equipment, net of accumulated depreciation	813,573	888,150
	<b>\$ 2,739,065</b>	<b>\$ 3,229,947</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 115,194	\$ 92,650
Accrued expenses	55,959	105,017
Note payable	367	4,951
Capital lease obligation	4,889	7,707
Deferred revenues	155,470	127,261
<b>Total liabilities</b>	<b>331,879</b>	337,586
 <b>Net assets</b>		
Unrestricted	338,962	969,848
Temporarily restricted	2,068,224	1,922,513
	<b>2,407,186</b>	2,892,361
	<b>\$ 2,739,065</b>	<b>\$ 3,229,947</b>

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, 2006 and 2005**

	<b>2006</b>	Restated 2005
<b>UNRESTRICTED REVENUE</b>		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,777,969	1,693,982
Space income	373,414	395,364
Food service	1,148,509	1,007,952
Ancillary service	684,117	565,062
Investment and other income	40,263	67,783
Net assets released from restrictions	157,800	153,798
<b>Total unrestricted revenue</b>	<b>4,357,072</b>	4,058,941
<b>EXPENSES</b>		
Salaries and wages	1,636,464	1,653,576
Payroll taxes and employee benefits	390,250	405,519
Property insurance	136,763	127,519
Telephone	58,829	61,346
Utilities	375,484	291,688
Promotion	184,721	170,908
Bad debt expense - net of recoveries	174	30,608
Advertising and printing	191,916	161,086
Office supplies and accessories	11,248	11,529
Postage	21,782	25,583
Dues and subscriptions	12,942	13,805
Professional fees	61,652	64,568
Travel	41,369	48,846
Parking	53	389
Maintenance and repairs	176,304	170,031
Contracted services	394,193	275,814
Food services	638,238	487,453
Auto lease	12,854	10,643
Audiovisual	53,111	55,058
Trust fees	1,837	1,856
Trade shows	9,466	18,650
Video conferencing	7,036	4,924
Miscellaneous	18,690	10,228
Depreciation	276,162	264,067
Interest	258	711
<b>Total expenses</b>	<b>4,711,796</b>	4,366,405
<b>Excess expenses over revenues</b>	<b>\$ (354,724)</b>	\$ (307,464)

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, 2006 and 2005**

	<b>2006</b>	<b>Restated 2005</b>
<b>UNRESTRICTED NET ASSETS</b>		
Total unrestricted revenue	\$ 4,357,072	\$ 4,058,941
Total unrestricted expenses	(4,711,796)	(4,366,405)
Depreciation funding	(276,162)	(261,371)
	<hr/>	<hr/>
<b>Decrease in unrestricted net assets</b>	<b>(630,886)</b>	<b>(568,835)</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Investment income	27,349	16,231
Depreciation funding	276,162	261,371
Net assets released from restrictions	(157,800)	(153,798)
	<hr/>	<hr/>
<b>Increase in temporarily restricted net assets</b>	<b>145,711</b>	<b>123,804</b>
<b>Decrease in net assets</b>	<b>(485,175)</b>	<b>(445,031)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<hr/> <b>2,892,361</b>	<hr/> <b>3,337,392</b>
<b>NET ASSETS, END OF YEAR</b>	<hr/> <b>\$ 2,407,186</b>	<hr/> <b>\$ 2,892,361</b>

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, 2006 and 2005

	<b>2006</b>	Restated 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (485,175)	\$ (445,031)
Noncash items included in decrease in net assets		
Depreciation	276,162	264,067
Changes in assets and liabilities		
Accounts receivable	13,642	(90,380)
Accounts receivable - Summit County	(350,500)	256,491
Inventory	1,591	(12,606)
Prepaid expenses	13,960	(17,332)
Accounts payable	22,544	(21,071)
Accrued expenses	(49,058)	48,329
Deferred revenues	28,209	20,823
<b>Cash provided by (used in) operating activities</b>	<b>(528,625)</b>	3,290
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(201,585)	(268,378)
<b>Cash used in investing activities</b>	<b>(201,585)</b>	(268,378)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on note payable and capital leases	(7,402)	(7,011)
<b>Cash used in financing activities</b>	<b>(7,402)</b>	(7,011)
<b>Decrease in cash and cash equivalents</b>	<b>(737,612)</b>	(272,099)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,260,543</b>	1,532,642
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 522,931</b>	\$ 1,260,543
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 258	\$ 711

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

## NOTES TO FINANCIAL STATEMENTS

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

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#### **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.

## NOTES TO FINANCIAL STATEMENTS

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

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

##### **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.

##### **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.

##### **Revenue Recognition**

The Bureau recognizes revenues at the time persuasive evidence of an arrangement exists, the service is provided or prices are fixed or determinable and collection is reasonably assured.

##### **Deferred Revenues**

Income from 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, 2005 financial statements has been reclassified to conform to current year presentation

#### **Note 2. Restatement of Prior Year**

The accompanying financial statements for December 31, 2005 have been restated to reflect the release of repairs and maintenance expense from temporarily restricted net assets. This change resulted in a decrease in temporarily restricted net assets and an increase in unrestricted net assets of \$153,798. There was no change to the decrease in net assets.

## NOTES TO FINANCIAL STATEMENTS

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

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#### Note 3. Property and Equipment

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

	Bureau		Center		Total	
	2006	2005	2006	2005	2006	2005
Furniture and fixtures	\$ 62,333	\$ 62,333	\$ 1,267,543	\$ 1,197,408	\$ 1,329,876	\$ 1,259,741
Computer software	-	-	178,035	177,424	178,035	177,424
Vehicles	26,956	26,956	-	-	26,956	26,956
Leasehold improvements	-	-	1,465,206	1,334,366	1,465,206	1,334,366
	89,289	89,289	2,910,784	2,709,198	3,000,073	2,798,487
Less accumulated depreciation	89,289	89,289	2,097,211	1,821,048	2,186,500	1,910,337
	\$ -	\$ -	\$ 813,573	\$ 888,150	\$ 813,573	\$ 888,150

Depreciation expense was \$276,162 and \$264,067 for 2006 and 2005, respectively.

#### Note 4. Money Market Funds

The Bureau's investment portfolios at December 31 consist of money market funds. Investment income for 2006 and 2005 was \$27,349 and \$18,137, respectively.

#### Note 5. 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 2006 and 2005, \$34,885 and \$38,734, respectively, were recorded as expense under this plan.

#### Note 6. 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 \$367 and \$4,951 on December 31, 2006 and 2005, respectively.

#### Note 7. 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.

## NOTES TO FINANCIAL STATEMENTS

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

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#### **Note 7. Commitments and Contingencies (Continued)**

##### **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 \$4,889 and \$7,707 at December 31, 2006 and 2005, 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.

#### **Note 8. Temporarily Restricted Net Assets**

Under the term of the lease agreement with the City of Akron discussed in Note 7, 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.

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose of repairs and maintenance of the Center in the amount of \$157,800 and \$153,798 in 2006 and 2005, respectively.

**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 2006 and 2005 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  
March 9, 2007

**SCHEDULES OF ACTIVITIES – BUREAU**

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

**For the years ended December 31, 2006 and 2005**

	<b>2006</b>	Restated 2005
<b>UNRESTRICTED REVENUE</b>		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,777,969	1,693,982
Investment and other income	28,207	61,034
	<b>1,981,176</b>	<b>1,930,016</b>
<b>EXPENSES</b>		
Salaries and wages	353,461	389,489
Payroll taxes and employee benefits	77,629	90,988
Property insurance	20,830	19,523
Telephone	17,620	17,743
Promotion	147,189	125,391
Advertising and printing	154,857	103,857
Office supplies and accessories	3,243	4,483
Postage	14,977	16,378
Dues and subscriptions	10,570	8,333
Professional fees	39,047	40,397
Travel	36,630	42,589
Maintenance and repairs	18,504	16,233
Auto lease	6,613	5,607
Trust fees	1,837	1,856
Trade shows	5,508	15,225
Miscellaneous	144	140
Depreciation	-	2,696
Interest	258	711
	<b>908,917</b>	<b>901,639</b>
<b>Total expenses</b>		
	<b>\$ 1,072,259</b>	<b>\$ 1,028,377</b>
<b>Net excess revenues</b>		



**SCHEDULES OF ACTIVITIES – CENTER**

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

**For the years ended December 31, 2006 and 2005**

	<b>2006</b>	<b>Restated 2005</b>
<b>UNRESTRICTED REVENUE</b>		
Space income	\$ 373,414	\$ 395,364
Food service, net	1,148,509	1,007,952
Ancillary service	684,117	565,062
Investment and other income	12,056	6,749
Net assets released from restrictions	157,800	153,798
<b>Total unrestricted revenue</b>	<b>2,375,896</b>	2,128,925
<b>EXPENSES</b>		
Salaries and wages	1,283,003	1,264,087
Payroll taxes and employee benefits	312,621	314,531
Property insurance	115,933	107,996
Telephone	41,209	43,603
Utilities	375,484	291,688
Promotion	37,532	45,517
Bad debt expense - net of recoveries	174	30,608
Advertising and printing	37,059	57,229
Office supplies and accessories	8,005	7,046
Postage	6,805	9,205
Dues and subscriptions	2,372	5,472
Professional fees	22,605	24,171
Travel	4,739	6,257
Parking	53	389
Maintenance and repairs	157,800	153,798
Contracted services	394,193	275,814
Food services	638,238	487,453
Auto lease	6,241	5,036
Audiovisual	53,111	55,058
Trade shows	3,958	3,425
Video conferencing	7,036	4,924
Miscellaneous	18,546	10,088
Depreciation	276,162	261,371
<b>Total expenses</b>	<b>3,802,879</b>	3,464,766
<b>Net excess expenses</b>	<b>\$ (1,426,983)</b>	<b>\$ (1,335,841)</b>

**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**

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, 2006, and have issued our report thereon dated March 9, 2007. 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 County of Summit, City of Akron, 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*

March 9, 2007



**Mary Taylor, CPA**  
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 29, 2007**