

**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

**REPORT ON AUDITS OF
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006**



Mary Taylor, CPA

Auditor of State

Board of Directors
Canton-Stark County Convention and Visitors Bureau
222 Market Avenue N
Canton, Ohio 44702

We have reviewed the *Independent Auditors' Report* of the Canton-Stark County Convention and Visitors Bureau, Stark County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2007 through December 31, 2007. 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 Canton-Stark County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 23, 2008

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**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU
CANTON, OHIO**

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WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663

Phone (330) 602-1322 • Fax (330) 602-2610

March 5, 2008

Board of Directors of Canton/Stark County Convention & Visitors Bureau
and
Board of Directors of Canton Regional Chamber of Commerce
Canton, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the statement of financial position of Canton/Stark County Convention & Visitors Bureau (a nonprofit organization) as of December 31, 2007, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Canton/Stark County Convention & Visitors Bureau as of December 31, 2006, and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated June 5, 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. 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 audit provides 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 Canton/Stark County Convention & Visitors Bureau as of December 31, 2007, and the change in net assets and its cash flows for the year 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 a report dated March 5, 2008, on our consideration of the Canton/Stark County Convention & Visitors Bureau's internal control structure over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Willoughby + Company, Inc.

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

**STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31,**

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS:		
Cash	\$ 339,580	\$ 343,475
Accounts receivable - trade	19,905	18,614
Accounts receivable - Stark County Auditor	207,779	206,697
Inventory - supplies	2,678	2,678
Prepaid expenses	29,794	14,402
Accrued interest receivable	<u>5,413</u>	<u>5,909</u>
Total current assets	605,149	591,775
INVESTMENTS	455,108	528,031
PROPERTY AND EQUIPMENT:		
Office equipment	99,794	96,907
Promotional equipment	97,613	97,613
Leasehold improvements	62,237	62,237
Transportation equipment	<u>23,692</u>	<u>23,692</u>
	283,336	280,449
Less: accumulated depreciation	<u>195,027</u>	<u>172,014</u>
Net property and equipment	88,309	108,435
Total assets	<u>\$ 1,148,566</u>	<u>\$ 1,228,241</u>

LIABILITIES AND NET ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 106,909	\$ 147,371
Account payable - Canton Regional Chamber of Commerce	35,013	22,924
Accrued vacation	17,957	16,330
Deferred revenue	<u>8,221</u>	<u>8,221</u>
Total current liabilities	168,100	194,846
NET ASSETS:		
Unrestricted	<u>980,466</u>	<u>1,033,395</u>
Total net assets	980,466	1,033,395
Total liabilities and net assets	<u>\$ 1,148,566</u>	<u>\$ 1,228,241</u>

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

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**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2007</u>	<u>2006</u>
REVENUE AND SUPPORT:		
County hotel and motel excise tax	\$ 908,638	\$ 941,333
Visitor Information Center - Airport participation	17,000	17,000
OHSAA Football Championship	132,493	128,575
Special projects	0	66
Investment income	<u>38,526</u>	<u>29,963</u>
Total support and revenue	1,096,657	1,116,937
EXPENSES:		
Convention Department	289,904	264,985
Sports Promotion Department	408,762	397,295
Tourism Department	353,589	337,330
Tourism Information Center - Pro Football Hall of Fame	68,110	67,711
Visitors Information Center - Akron/Canton Airport	<u>29,221</u>	<u>28,509</u>
Total expenses	<u>1,149,586</u>	<u>1,095,830</u>
Changes in net assets	(52,929)	21,107
NET ASSETS, beginning of year	<u>1,033,395</u>	<u>1,012,288</u>
NET ASSETS, end of year	<u>\$ 980,466</u>	<u>\$ 1,033,395</u>

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

**CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (52,929)	\$ 21,107
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	23,013	21,055
Net realized loss on investments	5,737	1,753
Net unrealized gain on investments	(9,747)	0
(Increase) decrease in operating assets:		
Accounts receivable	(2,373)	9,020
Prepaid expenses	(15,392)	(3,877)
Interest receivable	496	0
Increase (decrease) in operating liabilities:		
Accounts payable - trade	(40,462)	(26,910)
Amounts payable - Canton Regional Chamber of Commerce	12,089	156
Accrued vacation	<u>1,627</u>	<u>13,937</u>
Net cash provided (used) by operating activities	<u>(77,941)</u>	<u>36,241</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment maturities	151,113	157,005
Purchase of investments	(74,180)	(157,980)
Purchase of property, plant & equipment	<u>(2,887)</u>	<u>(49,481)</u>
Net cash provided (used) by investing activities	<u>74,046</u>	<u>(50,456)</u>
Decrease in cash	(3,895)	(14,215)
CASH, beginning of year	<u>343,475</u>	<u>357,690</u>
CASH, end of year	<u>\$ 339,580</u>	<u>\$ 343,475</u>

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

WILLOUGHBY & COMPANY, INC. - Certified Public Accountants

CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Canton/Stark County Convention & Visitors Bureau (the CVB) was organized in 1980 for the purpose of spotlighting Stark County (the County) as a travel and tourism destination through target market advertising efforts and creation of fulfillment publications. The CVB also promotes the community as a successful meeting, convention and trade show destination. All levels of sporting events, statewide and nationwide, are actively solicited and secured by the CVB.

The CVB is operated as a department of the Canton Regional Chamber of Commerce (the Chamber). The activities of the CVB are reported separately from those of the Chamber. The Chamber has responsibility for the overall fiduciary fiscal control and direction of the CVB. Transactions between the CVB and the Chamber are for the reimbursement of direct expenses.

METHOD OF ACCOUNTING

The CVB prepares its financial statements on the accrual basis of accounting.

FINANCIAL STATEMENT PRESENTATION

The CVB previously adopted Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statements of Not-for-Profit Organizations." Under SFAS No.117, the CVB is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the CVB is required to present a statement of cash flows. As permitted by this statement, the CVB has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. At December 31, 2007 and 2006, the CVB had only unrestricted net assets.

ACCOUNTS RECEIVABLE

The CVB uses the allowance method of accounting for doubtful accounts. All accounts were considered to be fully collectible at December 31, 2007 and 2006. Therefore, no allowance for doubtful accounts has been recorded in these financial statements.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in income. Depreciation for financial reporting purposes is based on the following policies:

<u>DESCRIPTION</u>	<u>USEFUL LIVES</u>	<u>METHOD</u>
Office equipment	3 - 10 years	Straight line
Promotional items	2 - 5 years	Straight line
Leasehold improvements	10 - 40 years	Straight line
Transportation equipment	5 years	Straight line

Depreciation expense for the years ended December 31, 2007 and 2006 was \$23,013 and 21,055, respectively.

CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS

Investments at December 31, 2007 and 2006, are carried at fair value. Investments in securities with readily determinable fair values are reported at published fair market values and realized and unrealized gains and losses are reflected in the statements of activities. Investments at December 31, 2007 and 2006, consist primarily of corporate bonds and asset-backed securities.

DONATIONS

All donations received are considered to be available for unrestricted use unless specifically restricted by donor.

TAX STATUS

As being operated as a department of the Chamber, the non-profit organization under Section 501(c)(6) of the Internal Revenue Code, the CVB is exempt from federal and state income taxes. Therefore, no provision has been made for federal or state income taxes in the accompanying financial statements.

STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flows, the CVB considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. The CVB had no interest expense for both years ended December 31, 2007 and 2006.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ADVERTISING COSTS

The CVB expenses the production costs of advertising the first time the advertising takes place. Total advertising costs for the years ended December 31, 2007 and 2006 were \$106,813 and \$101,770, respectively.

CONTRIBUTED GOODS AND SERVICES

A significant portion of the CVB's sporting events and programs are conducted by unpaid volunteers. No amounts have been recorded for these volunteer efforts.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the various programs.

RECLASSIFICATION

Certain items on the 2006 financial statements have been reclassified to conform with the presentation of the 2007 financial statements.

CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: COMPENSATED ABSENCES

Employees of the CVB are entitled to vacation and sick days, depending on job classification, length of service, and other factors. An amount has been booked on the statements of financial position for the liability incurred by the CVB to its employees at December 31, 2007 and 2006 as accrued expenses.

NOTE 3: CONCENTRATION OF CREDIT RISK AND OFF BALANCE SHEET RISK

The accounts receivable balance of the CVB consists of balances due from clients operating primarily in Northeast Ohio and from bed tax revenues collected by the Stark County Auditor. Those amounts are shown on the statements of financial position.

The CVB receives a majority of its funding from a hotel and motel excise tax in Stark County located in Northeast Ohio.

Financial instruments that potentially subject the CVB to concentrations of credit risk consist principally of temporary cash investments. The CVB places its temporary cash instruments with a local financial institution. The account at the institution is insured by the Federal Deposit Insurance Corporation (FDIC). During the years of December 31, 2007 and 2006, the CVB had uninsured cash balances.

NOTE 4: OPERATING LEASES

The CVB leases two facilities on a month-to-month basis. Rental expense for the operating leases (facilities and office equipment) for both years ending December 31, 2007 and 2006 was \$21,444.

The Chamber provides the CVB with full bookkeeping services and auditing services by an outside certified public accounting firm, without cost, and rental of suitable office space (providing heat, light, air conditioning, water, waste disposal and janitorial services) at 12.5% below the established market price for such space. Total rent expense for both years ending December 31, 2007 and 2006 (also included above amount) was \$16,044. The Chamber also provides insurance on the building and the contents of the CVB's office, bonding of all CVB employees up to \$50,000 per employee, and liability insurance for libel for all CVB employees. In addition, the CVB is entitled to use, without charge and at mutually agreeable times, various items of office equipment, audio visual equipment, photographic equipment and furniture which the Chamber may have available from time to time, and the Chamber's meeting rooms.

NOTE 5: INVESTMENT INCOME

Investment income is recorded in the aggregate on the statement of activities and consists of the following for 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Interest	\$ 34,516	\$ 31,716
Realized loss on investments	(5,737)	0
Unrealized gain (loss) on investments, net	<u>9,747</u>	<u>(1,753)</u>
	<u>\$ 38,526</u>	<u>\$ 29,963</u>

CANTON/STARK COUNTY CONVENTION
& VISITORS BUREAU

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: PENSION PLAN

The CVB employees participate in the Chamber's 401(k) defined contribution profit-sharing plan which covers substantially all full-time employees. Under this plan, the CVB will match employee contributions up to 3% of their gross wages. In addition, the CVB may make discretionary contributions to the plan. Total contributions to the plan amounted to \$15,809 and \$16,457 for the years ended December 31, 2007 and 2006, respectively.

NOTE 7: DEFERRED REVENUE

Previously in 2001, the CVB received a \$25,000 grant from the State of Ohio Department of Administrative Services. The grant is for capital improvements at the tourist information centers. The grant is recorded as deferred income until the capital improvements are completed. No amounts were expended in 2007 or 2006 under this grant. At December 31, 2007 and 2006, \$5,263 was available for future capital improvements.



WILLOUGHBY & COMPANY, INC.

Certified Public Accountants

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663

Phone (330) 602-1322 • Fax (330) 602-2610

March 5, 2008

Board of Directors of Canton/Stark County Convention & Visitors Bureau
and
Board of Directors of Canton Regional Chamber of Commerce
Canton, Ohio

**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***

We have audited the financial statements of Canton/Stark County Convention & Visitors Bureau (a nonprofit organization) as of and for the year ended December 31, 2007 and have issued our report thereon dated March 5, 2008. 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 the Canton/Stark County Convention & Visitors Bureau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Canton/Stark County Convention & Visitors Bureau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

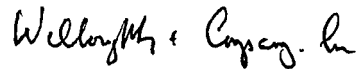
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors of Canton/Stark County Convention & Visitors Bureau
and
Board of Directors of Canton Regional Chamber of Commerce
Canton, Ohio
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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Canton/Stark County Convention & Visitors Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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*.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



WILLOUGHBY & COMPANY, INC. - Certified Public Accountants



Mary Taylor, CPA
Auditor of State

CANTON-STARK COUNTY CONVENTION AND VISITORS BUREAU

STARK 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
JULY 3, 2008**