

**AUDITED FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION**

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

**DECEMBER 31, 2002 AND 2001**







**Auditor of State  
Betty Montgomery**

Board of Trustees  
Akron/Summit Convention & Visitor's Bureau, Inc.

We have reviewed the Independent Auditor's Report of the Akron/Summit Convention & Visitor's Bureau, Inc., Summit County, prepared by Bruner Cox LLP for the audit period January 1, 2002 through December 31, 2002. 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 & Visitor's Bureau, Inc. is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

May 1, 2003

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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, 2002 and 2001, and the related statements of unrestricted revenue, expenses and other changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Company'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, 2002 and 2001, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2003 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Bruner-Cox, LLP*

January 24, 2003

**STATEMENTS OF FINANCIAL POSITION**

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

**December 31, 2002 and 2001**

	<b>2002</b>	<b>2001</b>
<b>ASSETS</b>		
Cash	\$ 92,267	\$ 128,772
Money market funds	1,701,982	1,679,636
Cash and cash equivalents	1,794,249	1,808,408
Accounts receivable less allowance for doubtful accounts of \$155,023 in 2002 and \$125,023 in 2001	916,117	870,168
Accounts receivable - Summit County	435,585	426,765
Inventory	49,775	43,851
Prepaid expenses	97,354	60,686
Property and equipment, net of accumulated depreciation	968,537	1,017,420
	\$ 4,261,617	\$ 4,227,298
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 72,134	\$ 131,616
Accrued expenses	78,291	73,018
Note payable	16,068	19,161
Deferred revenues	663,425	447,560
<b>Total liabilities</b>	829,918	671,355
 <b>Net assets</b>		
Unrestricted	2,142,664	2,491,853
Temporarily restricted	1,289,035	1,064,090
	3,431,699	3,555,943
	\$ 4,261,617	\$ 4,227,298

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



**STATEMENTS OF UNRESTRICTED REVENUE, EXPENSES AND OTHER  
CHANGES IN UNRESTRICTED NET ASSETS**

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

**For the years ended December 31, 2002 and 2001**

	<b>2002</b>	<b>2001</b>
<b>UNRESTRICTED REVENUE</b>		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,625,803	1,588,379
Space income	287,265	514,570
Food service, net	1,166,889	887,690
Ancillary service	879,232	747,782
Investment and other income	51,327	156,291
<b>Total unrestricted revenue</b>	<b>4,185,516</b>	<b>4,069,712</b>
<b>EXPENSES</b>		
Salaries and wages	1,509,992	1,434,057
Payroll taxes and employee benefits	295,154	297,489
Property insurance	122,099	104,304
Telephone	67,094	75,572
Utilities	373,481	367,951
Promotion	123,608	118,988
Bad debt expense	32,901	30,000
Advertising and printing	215,861	254,559
Office supplies and accessories	12,617	19,776
Postage	23,044	28,535
Dues and subscriptions	12,659	17,274
Professional fees	59,240	101,590
Travel	46,071	62,827
Parking	20,385	16,552
Maintenance and repairs	197,591	206,557
Contracted services	335,442	270,123
Food services	484,830	365,569
Auto lease	9,338	10,386
Audiovisual	106,753	68,896
Trust fees	3,386	2,870
Trade shows	4,581	13,004

**STATEMENTS OF UNRESTRICTED REVENUE, EXPENSES AND OTHER  
CHANGES IN UNRESTRICTED NET ASSETS (CONTINUED)**

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

**For the years ended December 31, 2002 and 2001**

	<b>2002</b>	2001
<b>EXPENSES (Continued)</b>		
Attractions grant	\$ -	\$ 19,100
Video conferencing	<b>29,438</b>	33,578
Miscellaneous	<b>24,647</b>	41,900
Depreciation	<b>214,034</b>	199,655
Interest	<b>1,816</b>	2,115
	<hr/>	<hr/>
<b>Total expenses</b>	<b>4,326,062</b>	4,163,227
	<hr/>	<hr/>
<b>Decrease in unrestricted net assets</b>	<b>\$ (140,546)</b>	<b>\$ (93,515)</b>

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, 2002 and 2001**

	<b>2002</b>	2001
<b>UNRESTRICTED NET ASSETS</b>		
Total unrestricted revenue	\$ 4,185,516	\$ 4,069,712
Total unrestricted expenses	(4,326,062)	(4,163,227)
Depreciation funding	(208,643)	(196,959)
	<hr/>	<hr/>
<b>Decrease in net unrestricted assets</b>	<b>(349,189)</b>	(290,474)
<b>TEMPORARILY RESTRICTED ASSETS</b>		
Investment income	16,302	35,727
Depreciation funding	208,643	196,959
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<b>Increase in temporarily restricted assets</b>	<b>224,945</b>	232,686
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<b>Decrease in net assets</b>	<b>(124,244)</b>	(57,788)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,555,943</b>	3,613,731
	<hr/>	<hr/>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,431,699</b>	\$ 3,555,943
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The accompanying notes are an integral part of the financial statements.

## STATEMENTS OF CASH FLOWS

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

For the years ended December 31, 2002 and 2001

	<b>2002</b>	2001
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (124,244)	\$ (57,788)
Noncash item included in net assets		
Depreciation	214,034	199,655
Changes in assets and liabilities		
Accounts receivable	(45,949)	(440,039)
Accounts receivable - Summit County	(8,820)	71,945
Inventory	(5,924)	771
Prepaid expenses	(36,668)	(9,072)
Accounts payable	(59,482)	23,112
Accrued expenses	5,273	5,924
Deferred revenues	215,865	306,330
<b>Cash provided by operating activities</b>	<b>154,085</b>	100,838
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(165,151)	(246,704)
<b>Cash used in investing activities</b>	<b>(165,151)</b>	(246,704)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	-	21,956
Payments on long-term borrowings	(3,093)	(2,795)
<b>Cash provided by (used in) financing activities</b>	<b>(3,093)</b>	19,161
<b>Decrease in cash and cash equivalents</b>	<b>(14,159)</b>	(126,705)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,808,408</b>	1,935,113
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,794,249</b>	<b>\$ 1,808,408</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,816	\$ 2,115

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**

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.

##### **Accounts Receivable - Summit County**

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

## NOTES TO FINANCIAL STATEMENTS

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

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

##### Property and Equipment

Equipment is stated at cost less accumulated depreciation. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are generally capitalized. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets.

##### Deferred Revenues

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

##### Income Taxes

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

##### Reclassifications

Certain amounts on the 2002 financial statements have been reclassified to conform to the 2001 presentation.

#### Note 2. Property and Equipment

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

	Bureau		Center		Total	
	2002	2001	2002	2001	2002	2001
Furniture and fixtures	\$ 62,333	\$ 62,333	\$ 729,293	\$ 640,117	\$ 791,626	\$ 702,450
Computer software	-	-	151,819	133,133	151,819	133,133
Vehicles	26,956	26,956	-	-	26,956	26,956
Leasehold improvements	-	-	1,145,802	1,088,513	1,145,802	1,088,513
	89,289	89,289	2,026,914	1,861,763	2,116,203	1,951,052
Less accumulated depreciation	70,420	65,028	1,077,246	868,604	1,147,666	933,632
	\$ 18,869	\$ 24,261	\$ 949,668	\$ 993,159	\$ 968,537	\$ 1,017,420

Depreciation expense was \$214,034 and \$199,655 for 2002 and 2001, respectively.

## NOTES TO FINANCIAL STATEMENTS

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

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#### **Note 3. Money Market Funds**

The Bureau's investment portfolios at December 31 consist of money market funds. Investment income for 2002 and 2001 was \$25,732 and \$56,961, respectively.

#### **Note 4. Retirement Plans**

The Bureau sponsors an employee benefit plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan covers all employees meeting certain age and service requirements. The plan allows the employees to defer up to 15% of their annual compensation. At its discretion, the Bureau may elect to match employee contributions or make nonelective contributions. During 2002 and 2001, \$32,433 and \$29,643, respectively, were recorded as expense under this plan.

#### **Note 5. 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.

#### **Note 6. Temporarily Restricted Net Assets**

Under the term of the lease agreement with the City of Akron discussed in Note 5, 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 annually to comply with this external restriction.

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## 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 (pages 11 and 12) for 2002 and 2001 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Bruner-Cox, LLP*

Akron, Ohio  
January 24, 2003

**SCHEDULES OF ACTIVITIES – BUREAU**

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

**For the years ended December 31, 2002 and 2001**

	<b>2002</b>	2001
<b>UNRESTRICTED REVENUE</b>		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,625,803	1,588,379
Investment and other income	15,863	60,585
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<b>Total unrestricted revenue</b>	<b>1,816,666</b>	1,823,964
<b>EXPENSES</b>		
Salaries and wages	356,970	342,560
Payroll taxes and employee benefits	71,053	72,083
Property insurance	18,935	16,248
Telephone	24,106	22,515
Promotion	81,807	76,970
Advertising and printing	154,869	184,655
Office supplies and accessories	7,161	7,800
Postage	16,064	21,142
Dues and subscriptions	8,774	11,001
Professional fees	35,270	34,185
Travel	42,733	46,703
Maintenance and repairs	13,658	15,289
Auto lease	5,330	6,014
Trust fees	3,386	2,870
Trade shows	-	9,082
Attractions Grant	-	19,100
Miscellaneous	18,357	5,256
Depreciation	5,391	2,696
Interest	1,816	2,115
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<b>Total expenses</b>	<b>865,680</b>	898,284
<b>Net excess revenues</b>	<b>\$ 950,986</b>	\$ 925,680

**SCHEDULES OF ACTIVITIES – CENTER**

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

**For the years ended December 31, 2002 and 2001**

	<b>2002</b>	2001
<b>UNRESTRICTED REVENUE</b>		
Space income	\$ 287,265	\$ 514,570
Food service, net	<b>1,166,889</b>	881,010
Ancillary service	<b>879,232</b>	754,462
Investment and other income	<b>35,464</b>	95,706
	<hr/>	<hr/>
<b>Total unrestricted revenue</b>	<b>2,368,850</b>	2,245,748
<b>EXPENSES</b>		
Salaries and wages	<b>1,153,022</b>	1,091,497
Payroll taxes and employee benefits	<b>224,101</b>	225,406
Property insurance	<b>103,164</b>	88,056
Telephone	<b>42,988</b>	53,057
Utilities	<b>373,481</b>	367,951
Promotion	<b>41,801</b>	42,018
Bad debt expense	<b>32,901</b>	30,000
Advertising and printing	<b>60,992</b>	69,904
Office supplies and accessories	<b>5,456</b>	11,976
Postage	<b>6,980</b>	7,393
Dues and subscriptions	<b>3,885</b>	6,273
Professional fees	<b>23,970</b>	67,405
Travel	<b>3,338</b>	16,124
Parking	<b>20,385</b>	16,552
Maintenance and repairs	<b>183,933</b>	191,268
Contracted services	<b>335,442</b>	270,123
Food services	<b>484,830</b>	365,569
Auto lease	<b>4,008</b>	4,372
Audiovisual	<b>106,753</b>	68,896
Trade shows	<b>4,581</b>	3,922
Video conferencing	<b>29,438</b>	33,578
Miscellaneous	<b>6,290</b>	36,644
Depreciation	<b>208,643</b>	196,959
	<hr/>	<hr/>
<b>Total expenses</b>	<b>3,460,382</b>	3,264,943
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<b>Net excess expenses</b>	<b>\$ (1,091,532)</b>	<b>\$ (1,019,195)</b>



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING 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, 2002, and have issued our report thereon dated January 24, 2003. 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.

**Compliance**

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 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.

**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 assurance 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 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 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.

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

*Bruner-Cox, LLP*

January 24, 2003



**Auditor of State  
Betty Montgomery**

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**AKRON/SUMMIT CONVENTION AND VISITOR'S BUREAU, INC.**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 20, 2003**