



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Akron/Summit Convention & Visitors Bureau, Inc.  
Summit County  
John S. Knight Center  
77 E. 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 Bureau), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements as listed in the table of contents.

### ***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 audited 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 Bureau'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 Bureau'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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, Ohio, as of December 31, 2013 and 2012, and the respective changes in 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* 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 Bureau's basic financial statements taken as a whole. The schedules of revenue, expenses and changes in net position for the Bureau, Center, Greystone, and Creperie present additional analysis and are not a required part of the basic financial statements.

The schedules of revenue, expenses and changes in net position for the Bureau, Center, Greystone, 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 schedules 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2014, on our consideration of the Bureau'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 Bureau's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 11, 2014

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## MANAGEMENT DISCUSSION AND ANALYSIS

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

For the years ended December 31, 2013 and 2012

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The following information on the travel trends and booking pace for the Akron/Summit Convention & Visitors Bureau (Bureau) and John S. Knight Center (Center) is based on analysis of past, existing and future initiatives as well as key industry information.

In 2013, a healthy Marketplace was sustained and complimented by an Increased Average Daily Rate (ADR) in the Akron/Summit County area. Expected in 2014 are similar revenue streams resulting in continued growth.

The following is a recap of main factors of this summation:

The Bureau and the Center have focused initiatives and resources on remaining aligned with trends of the marketplace, providing niche market awareness and social media efforts to increase occupancy during slower calendar periods and promoted Greater Akron as a true travel destination.

- Bed Tax Gross Collections increased in 2013 of 2.5% over 2012 collections
  - 2013 Total Gross Collections: \$4,442,859. | 2012 Total Gross Collections: \$4,332,981
- Smith Travel Research reports (for the Greater Akron MSA through December 2013) indicate the following results for 2013 vs. 2012:

	<u>Akron MSA</u>		<u>Statewide</u>
▪ Occupancy:	57.8%	= Increase of 1.4%	58.4% = Same as 2012
▪ Average Daily Rate:	\$87.24	= Increase of 7.9%	\$87.18 = Increase of 5.1%
▪ RevPAR:	\$50.40	= Increase of 9.3%	\$50.95 = Increase of 5.2%

- The above numbers reflect a higher than average rate increase and consistent market share capture for the area as in 2013
  - RevPAR is defined as Revenue Per Available Room
- Growth of the area's business core continues to provide year round Frequent Business Travelers through large scale demand generators complimented by and increased level of small & mid-size users in the market and an overall growing demand as the economy continues to rebound
- Hotel ADR, Occupancy and REVPAR increased as a result of yield management of hotels focused on driving rate vs. occupancy to support positive cash flow for renovations, capital improvements and hotel property re-investment
- Four new hotels will open in the market in 2014
  - Residence Inn on Arlington St. with 80 rooms
  - Homewood Suites on Springside Dr. with 103 rooms
  - Residence Inn Montrose on Crystal Lake Dr. with 98 rooms
  - Hilton Garden Inn East End on E. Market St. with 139 rooms
- Number of Events:
  - In 2013 the Center hosted:
    - 185 Events in 2013 vs. 182 in 2012 | increase of 1.6%
    - 381,000 Visitors in 2013 vs. 374,000 in 2012 | increase of 1.9%
  - In 2013 Greystone Hall hosted:
    - 121 Events in 2013 vs. 107 in 2012 | increase of 13%
    - 25,478 Visitors in 2013 vs. 20,200 in 2012 | increase of 26%

## MANAGEMENT DISCUSSION AND ANALYSIS

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

For the years ended December 31, 2013 and 2012

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- Repositioning of Downtown Hotel Room Inventory
  - The marketplace remains with demand significantly outweighing supply
    - Currently there are no flagged hotels in the inventory
      - One non-flagged hotel remain as option
        - Akron City Center Hotel (formerly the Ramada Plaza)
    - Downtown hotel market segment is underserved with demand in surplus of the supply
    - Possible downtown developments are being investigated to help meet current demand
- Continued trend of short term bookings demand being met with packages for planners
- Digital support materials will lend assistance to local planners for increased events
- Social Media, Search Engine Marketing (SEM) and web-based initiatives will continue to play an important role to capitalize on explosive growth, rapid change and targeted marketing and inexpensive penetration costs
  - A higher capture rate goal of the significant number of on-line travel decision is the focus
- Continued energies are being applied to Hospitality Outreach in the form of Partnerships in Motion, which has provided for leveraging of partner resources
- Local events see increase in attendance numbers reflecting the vibrancy of the area to engage in and sustain these iconic activities | i.e. All-American Soap Box Derby, Akron Zoo and the Akron Marathon
- Repeat and frequent demand suppliers are Youth Sporting events, State, Regional and National events, Convention Center based Trade Shows and Corporate events
- Marketing to Adult and Youth Sporting Groups has proven beneficial in providing solid shoulders and increased traffic to the historically high occupancy summer months
- Greystone Hall's Management agreement with the City of Akron provides for continued increased vibrancy in the downtown footprint
  - Impacting the number of events and the propensity of visitors to come downtown
  - Projecting additional top line revenue for Food Service Department
- Continued efforts at the Center and Greystone to refine food purchases and payroll expenditures
- Niche specific market segments results are growing based on sustained efforts
- Akron-Canton Airport continues to set increased traffic records
  - CAK saw its second busiest year in 2013 with 1.7 million travelers
  - United's departure from Cleveland Hopkins Airport still remains an unknown for the market
  - The transition from AirTran to Southwest is proving to be a solid path forward
  - Local/regional campaign #LUVCAK underway to create awareness of new provider
  - Increased daily lift pattern providing for low-fare access to the area resulting in increased business travel is expected again in 2014

## MANAGEMENT DISCUSSION AND ANALYSIS

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

For the years ended December 31, 2013 and 2012

#### 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 Governmental Accounting Standards Board (GASB).

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

- Statements of Net Position – These statements present information on all ASCVB's assets and liabilities, with the difference between the two reported as net position.
- Statements of Revenue, Expenses and Changes in Net Position – These statements show how ASCVB's net position has changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.
- Statements of Cash Flows – These statements report 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 ASCVB's Net Position and Revenues, Expenses and Changes in Net Position

The tables below provide a summary of ASCVB's financial position and operations for 2013, 2012 and 2011. Certain amounts may vary slightly due to differences caused by rounding to thousands.

#### Condensed Statements of Net Position December 31, (Amounts in Thousands)

	2013	Change	2012	Change	2011
Current assets	\$ 2,524	24%	\$ 2,035	15%	\$ 1,773
Capital assets, net of accumulated depreciation and amortization	510	(16)%	608	(15)%	717
Long-term assets	583	(25)%	775	21%	639
<b>Total assets</b>	<b>\$ 3,617</b>	<b>6%</b>	<b>\$ 3,418</b>	<b>9%</b>	<b>\$ 3,129</b>
Current liabilities	\$ 909	8%	\$ 838	(10)%	\$ 932
Long-term liabilities	174	(43)%	304	10%	277
<b>Total liabilities</b>	<b>\$ 1,083</b>	<b>(5)%</b>	<b>\$ 1,142</b>	<b>(6)%</b>	<b>\$ 1,209</b>
Net investment in capital assets	\$ 499	(10)%	\$ 552	(1)%	\$ 560
Restricted for capital assets	2,106	(5)%	2,217	(1)%	2,240
Unrestricted deficit	(72)	(85)%	(492)	(44)%	(880)
<b>Total net position</b>	<b>\$ 2,533</b>	<b>11%</b>	<b>\$ 2,277</b>	<b>19%</b>	<b>\$ 1,920</b>

During 2013 and 2012, net position increased by \$257 and \$356, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

For the years ended December 31, 2013 and 2012

#### Financial Analysis of ASCVB's Net Position and Revenues, Expenses and Changes in Net Position (Continued)

The following table summarized the changes in revenue and expenses for ASCVB between 2013, 2012 and 2011:

#### Condensed Statements of Revenue, Expenses, and Changes in Net Position Years Ended December 31, (Amounts in Thousands)

	2013	Change	2012	Change	2011
<b>OPERATING REVENUES</b>					
Hotel/motel tax	\$ 3,318	3%	\$ 3,236	11%	\$ 2,907
Space, food and ancillary service	2,901	(1)%	2,927	23%	2,381
<b>Total operating revenue</b>	<b>6,219</b>	<b>1%</b>	<b>6,163</b>	<b>17%</b>	<b>5,288</b>
<b>OPERATING EXPENSES</b>					
Payroll and benefits	3,060	(3)%	3,141	3%	3,056
Property insurance	93	(7)%	100	(11)%	112
Utilities	333	(7)%	359	8%	332
Advertising and promotion	516	41%	367	3%	357
Supplies	68	(6)%	72	50%	48
Maintenance and repairs	330	38%	240	2%	236
Contracted services	380	(14)%	441	23%	358
Food services	871	12%	778	24%	627
Other	143	6%	135	(8)%	146
Bad debt expense - net of recoveries	-	0%	-	(100)%	3
<b>Total expenses</b>	<b>5,794</b>	<b>3%</b>	<b>5,633</b>	<b>7%</b>	<b>5,275</b>
<b>Operating income before depreciation and amortization</b>	<b>425</b>	<b>(20)%</b>	<b>530</b>	<b>3977%</b>	<b>13</b>
Depreciation and amortization	169	(5)%	177	(5)%	187
<b>Operating income (loss)</b>	<b>256</b>	<b>(27)%</b>	<b>353</b>	<b>(303)%</b>	<b>(174)</b>
<b>NONOPERATING REVENUES</b>					
Investment and other income (loss)	1	(67)%	3	(57)%	7
<b>Change in net position</b>	<b>\$ 257</b>	<b>(28)%</b>	<b>\$ 356</b>	<b>(313)%</b>	<b>\$ (167)</b>

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

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.**  
**For the years ended December 31, 2013 and 2012**

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**Operating Expenses**

Operating expenses increased by \$160,100 primarily from increases in food services, advertising and promotion, and maintenance and repairs.

**Capital Assets**

At the end of 2013, ASCVB had \$499,000 invested in capital assets. The net investment in capital assets includes improvement 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, ASCVB has been able to contain costs. ASCVB anticipates a flat revenue stream and will continue to contain costs to stay within the operating budget.

**Contacting ASCVB's Financial Management**

This report is designed to provide a general overview of ASCVB's finance 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, Ohio 44308.

**STATEMENTS OF NET POSITION**

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

**December 31, 2013 and 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 681,982	\$ 357,079
Short-term investments	301,135	202,030
Accounts receivable less allowance for doubtful accounts of \$10,000 in 2013 and 2012	308,564	323,666
Accounts receivable		
Summit County	836,697	841,260
City of Akron	195,735	100,420
Inventory	68,786	71,395
Prepaid expenses	131,586	139,149
	<hr/>	<hr/>
<b>Total current assets</b>	<b>2,524,485</b>	<b>2,034,999</b>
<b>Capital assets (see Note 3 for more information)</b>		
Property and equipment, net of accumulated depreciation and amortization	510,034	607,832
<b>Long-term assets</b>		
Accounts receivable, net of current	140,088	228,422
Long-term investments	442,417	546,933
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<b>Total long-term assets</b>	<b>582,505</b>	<b>775,355</b>
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 3,617,024</b>	<b>\$ 3,418,186</b>

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

<b>LIABILITIES AND NET POSITION</b>	<b>2013</b>	<b>2012</b>
<b>Current liabilities</b>		
Capital lease obligation, current portion	\$ 11,212	\$ 44,784
Accounts payable	113,887	91,507
Accrued expenses	321,021	230,915
Unearned revenue and customer deposits, current portion	462,884	470,620
<b>Total current liabilities</b>	<b>909,004</b>	837,826
<b>Long-term liabilities</b>		
Capital lease obligation, net of current	-	11,212
Unearned revenue and customer deposits, net of current	174,398	292,733
<b>Total long-term liabilities</b>	<b>174,398</b>	303,945
<b>Total liabilities</b>	<b>\$ 1,083,402</b>	\$ 1,141,771
<b>Net position</b>		
Net investment in capital assets	\$ 498,821	\$ 551,836
Restricted for capital assets	2,106,768	2,216,738
Unrestricted deficit	(71,967)	(492,159)
<b>Total net position</b>	<b>\$ 2,533,622</b>	\$ 2,276,415

**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**

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

**For the years ended December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>OPERATING REVENUES</b>		
Summit County	\$ 3,179,629	\$ 3,098,389
City of Akron	138,000	138,000
Space income	333,576	354,884
Rental income	65,110	60,525
Food service	1,830,634	1,749,314
Ancillary service	671,301	761,866
Everything Akron Store	175	388
	<hr/>	<hr/>
<b>Total operating revenues</b>	<b>6,218,425</b>	<b>6,163,366</b>
<b>OPERATING EXPENSES</b>		
Salaries and wages	2,480,781	2,490,747
Payroll taxes and employee benefits	579,045	650,294
Property insurance	92,950	99,545
Utilities	333,478	358,888
Promotion	380,281	226,125
Bad debt expense - net of recoveries	96	-
Advertising and printing	131,441	137,081
Office supplies and accessories	38,117	41,052
Postage	17,617	18,274
Dues and subscriptions	11,772	13,133
Professional fees	41,303	94,326
Travel	36,092	30,603
Maintenance and repairs	330,262	239,640
Contracted services	338,794	346,766
Food services	871,012	777,916
Lease	11,634	16,638
Audiovisual	36,270	34,273
Trade shows	4,155	3,800
Video conferencing	-	90
Miscellaneous	58,464	54,274
	<hr/>	<hr/>
<b>Total operating expenses</b>	<b>5,793,564</b>	<b>5,633,465</b>
<b>Operating income before depreciation and amortization</b>	<b>424,861</b>	<b>529,901</b>
Depreciation and amortization	168,600	177,492
	<hr/>	<hr/>
<b>Operating income</b>	<b>256,261</b>	<b>352,409</b>



**STATEMENTS OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION (CONTINUED)**

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

**For the years ended December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Utility reimbursement to City of Akron	\$ (17,499)	\$ (9,391)
Loss on disposal of assets	(1,596)	-
Interest expense	(2,245)	(8,948)
Investment and other income	22,287	22,221
	<b>947</b>	<b>3,882</b>
<b>Total nonoperating revenues</b>		
<b>Change in net position</b>	<b>257,208</b>	<b>356,291</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>2,276,414</b>	<b>1,920,123</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 2,533,622</b>	<b>\$ 2,276,414</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, 2013 and 2012

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers, taxes and subsidies	\$ 6,105,038	\$ 6,068,166
Cash payments to suppliers for goods and services	(2,701,186)	(2,517,368)
Cash payments to employees for services	(2,987,219)	(3,159,291)
	416,633	391,507
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash payments for interest	(2,245)	(8,948)
Purchases of capital assets	(72,398)	(68,490)
Payments on capital lease obligations	(44,784)	(100,648)
	(119,427)	(178,086)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	27,698	31,758
Redemption of investments	200,000	279,000
Purchase of investments	(200,000)	(279,014)
	27,698	31,744
<b>Increase in cash and cash equivalents</b>	324,904	245,165
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	357,079	111,914
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 681,983	\$ 357,079

**STATEMENTS OF CASH FLOWS (CONTINUED)**

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

**For the years ended December 31, 2013 and 2012**

	<b>2013</b>	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 256,261	\$ 352,410
Noncash items included in change in operating income		
Depreciation and amortization	168,600	177,492
Changes in assets and liabilities		
Accounts receivable	103,436	(34,250)
Accounts receivable - Summit County	4,563	(85,674)
Accounts receivable - City of Akron	(95,315)	(39,448)
Inventory	2,609	4,172
Prepaid expenses	7,563	(7,392)
Accounts payable	22,380	(21,725)
Accrued expenses	72,607	(18,250)
Unearned revenue and customer deposits	(126,071)	64,172
	<u>416,633</u>	<u>391,507</u>
<b>Cash provided by operating activities</b>	<b>\$ 416,633</b>	<b>\$ 391,507</b>
 <b>SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES</b>		
Loss on disposal of equipment	<u>\$ 1,596</u>	<u>\$ -</u>
 <b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES</b>		
Unrealized loss on investments	<u>\$ 5,411</u>	<u>\$ 8,641</u>

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

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## NOTES TO FINANCIAL STATEMENTS

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

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#### **Note 1. Summary of Significant Accounting Policies**

##### **Reporting Entity**

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

The Board of Directors governs the operation of the Akron/Summit Convention & Visitors Bureau, Inc. (ASCVB), 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.

In 2011, ASCVB began operations of the Creperie, a small restaurant located in Greystone Hall. In February 2012 the restaurant was closed for business.

Akron/Summit Convention & Visitors Bureau, Inc. (ASCVB), as defined by Governmental Accounting Standards Board (GASB) Statement No. 14 is a "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity.

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Enterprise funds are used to account for the costs of providing goods and services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the government intends to fully recover the cost of the goods or services provided. ASCVB does not meet the above criteria; however, it qualifies for enterprise accounting under the transition rules of GASB 34, whereby it previously reported as a not-for-profit under the American Institute of Certified Public Accountants not-for-profit model at the date of the GASB 34 statement.

##### **Measurement Focus**

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of ASCVB are included on the statement of net position. The statements of revenue, expenses, and changes in net position present increases (i.e., revenue) and decreases (i.e., expenses) in total net position. The statements of cash flows provide information about how ASCVB finances and meets the cash flow needs of its enterprise activity.

## NOTES TO FINANCIAL STATEMENTS

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

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

##### **Cash and Cash Equivalents**

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

##### **Fair Value of Financial Instruments**

The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, accrued liabilities, and short-term borrowings, approximates fair value due to the short maturity of these instruments. The carrying amount of capital leases approximates fair value because the fixed rates are based on current rates offered to the ASCVB for debt with similar terms and maturities.

##### **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**

Accounts receivable - Summit County represent amounts due from the County of Summit for hotel/motel tax collected in the final quarter of the calendar year.

##### **Inventory**

Inventory consists of food, beverages and related supplies and is carried at the lower of cost (first in, first out) or market.

## NOTES TO FINANCIAL STATEMENTS

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

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Capital Assets

Capital assets are stated at cost less accumulated depreciation and amortization. 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 and amortization are removed from the accounts and any resulting gain or loss is recognized in income for the period. The ASCVB capitalizes amounts over \$2,500. Depreciation and amortization of property and equipment is computed 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
Assets under capital leases	5-10 years

##### Advertising

Advertising costs are expensed when incurred and included in operating expenses. Total advertising cost expensed was \$131,441 and \$137,081 for the years ended December 31, 2013 and 2012, respectively.

##### Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the organization's primary business activities. These revenues include the Bureau's portion of the County Bed Tax, sales of goods and services at the John S. Knight Center and Greystone Hall. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the organization. All revenues and expenses not meeting this definition are reported as nonoperating.

##### Revenue Recognition

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.

##### Unearned Revenues

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

## NOTES TO FINANCIAL STATEMENTS

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

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **Income Taxes**

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

With few exceptions, ASCVB is no longer subject to income tax examinations by tax authorities for years before 2010.

##### **Change in Accounting Principle**

For fiscal year 2013, the ASCVB has implemented GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements."

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the ASCVB.

##### **Subsequent Events**

Subsequent events have been evaluated through April 11, 2014, which is the date the financial statements were available to be issued.



**NOTES TO FINANCIAL STATEMENTS**

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

**Note 2. Capital Assets**

A summary of capital assets at December 31 is presented below:

	Balance at January 1, 2013	Additions	Dispositions	Transfers	Balance at December 31, 2013
Historical cost					
Furniture, fixtures and equipment	\$ 1,275,823	\$ 72,398	\$ 92,066	\$ 46,744	\$ 1,302,899
Computer software	31,602	-	21,788	-	9,814
Vehicles	13,314	-	-	-	13,314
Leasehold improvements	1,293,487	-	24,640	343,550	1,612,397
Equipment under capital leases	440,020	-	-	(390,294)	49,726
<b>Total historical cost</b>	<b>3,054,246</b>	<b>72,398</b>	<b>138,494</b>	<b>-</b>	<b>2,988,150</b>
Accumulated depreciation and amortization					
Furniture, fixtures and equipment	1,115,913	67,013	91,699	38,849	1,130,076
Computer software	29,546	1,394	21,788	-	9,152
Vehicles	5,326	2,663	-	-	7,989
Leasehold improvements	1,090,816	91,847	23,411	154,598	1,313,850
Equipment under capital leases	204,813	5,683	-	(193,447)	17,049
<b>Total accumulated depreciation and amortization</b>	<b>2,446,414</b>	<b>168,600</b>	<b>136,898</b>	<b>-</b>	<b>2,478,116</b>
	<b>\$ 607,832</b>	<b>\$ (96,202)</b>	<b>\$ 1,596</b>	<b>\$ -</b>	<b>\$ 510,034</b>
	Balance at January 1, 2012	Additions	Dispositions	Transfers	Balance at December 31, 2012
Historical cost					
Furniture, fixtures and equipment	\$ 1,254,418	\$ 52,563	\$ 31,158	\$ -	\$ 1,275,823
Computer software	31,602	-	-	-	31,602
Vehicles	13,314	-	-	-	13,314
Leasehold improvements	1,277,560	15,927	-	-	1,293,487
Equipment under capital leases	440,020	-	-	-	440,020
<b>Total historical cost</b>	<b>3,016,914</b>	<b>68,490</b>	<b>31,158</b>	<b>-</b>	<b>3,054,246</b>
Accumulated depreciation and amortization					
Furniture, fixtures and equipment	1,085,226	61,845	31,158	-	1,115,913
Computer software	27,367	2,179	-	-	29,546
Vehicles	2,663	2,663	-	-	5,326
Leasehold improvements	1,029,398	61,418	-	-	1,090,816
Equipment under capital leases	155,426	49,387	-	-	204,813
<b>Total accumulated depreciation and amortization</b>	<b>2,300,080</b>	<b>177,492</b>	<b>31,158</b>	<b>-</b>	<b>2,446,414</b>
	<b>\$ 716,834</b>	<b>\$ (109,002)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 607,832</b>

Depreciation and amortization expense was \$168,600 and \$177,492 for 2013 and 2012, respectively.

## NOTES TO FINANCIAL STATEMENTS

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

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#### **Note 3. Deposits and Investments**

Monies held by ASCVB are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon ASCVB. Active monies must be maintained either as cash in 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.

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

## NOTES TO FINANCIAL STATEMENTS

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

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#### Note 3. Deposits and Investments (Continued)

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

#### Deposits

Custodial credit risk is the risk that in the event of bank failure, ASCVB will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$431,982 of ASCVB's bank balance of \$681,982 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in ASCVB's name.

ASCVB has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with ASCVB or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

#### Investments

ASCVB's investment portfolio at December 31, 2013 consists of the following:

Investment type	Fair Value	Investment maturities (in years)			
		Less than 1	1-2	3-5	More than 5
Certificates of Deposit	\$ 542,275	\$ 99,858	\$ 442,417	\$ -	\$ -
U.S. Treasury Bills	201,277	201,277	-	-	-
<b>Total investments</b>	<b>\$ 743,552</b>	<b>\$ 301,135</b>	<b>\$ 442,417</b>	<b>\$ -</b>	<b>\$ -</b>

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

Credit Risk ASCVB has no investment policy that addresses credit risk.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, ASCVB will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. ASVCB has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

## NOTES TO FINANCIAL STATEMENTS

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

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#### Note 3. Deposits and Investments (Continued)

Concentration of Credit Risk ASCVB places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2013:

Investment issuer	<u>of Investments</u>
U.S. Government	27%
Safra National Bank	13%
Ally Bank	19%
Goldman Sachs	22%
Discover Bank	19%

#### Note 4. Retirement Plans

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, ASCVB may elect to match employee contributions or make non-elective contributions. There were no employer contributions to the plan during 2013 and 2012.

#### Note 5. Short-Term Borrowings

ASCVB has a line of credit borrowing agreement with a bank. Under the terms of this agreement, ASCVB has available a \$500,000 line of credit. Interest is payable monthly at the bank's prime lending rate (3.25% at December 31, 2013) and is collateralized by ASCVB's investment account. There were no borrowings under this agreement at December 31, 2013 or 2012.

#### Note 6. Commitments and Contingencies

##### Operating Leases

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

ASCVB also leases certain equipment and vehicles under noncancelable leases expiring in various years through 2015. Rental expense for operating leases was \$18,232 and \$23,236 for the years ended December 31, 2013 and 2012, respectively. The following is a schedule by years of future minimum rental payments required under operating leases with terms in excess of one year as of December 31, 2013.

2014	\$	24,908
2015		17,490
2016		1
2017		1
2018		1
2019-2020		2
	\$	<u>42,403</u>

## NOTES TO FINANCIAL STATEMENTS

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

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#### Note 6. Commitments and Contingencies (Continued)

##### Capital Lease

ASCVB leases certain equipment under capital lease arrangements. The asset and liability under these arrangements are recorded at the lower of present value of the minimum lease payments or the fair value of the assets. The equipment held under the capital lease arrangements at December 31, 2013 and 2012 is as follows.

	2013	2012
Equipment and leasehold improvements	\$ 49,726	\$ 440,020
Less accumulated amortization	17,049	204,813
	<u>\$ 32,677</u>	<u>\$ 235,207</u>

The amortization on assets acquired under capital leases is included with depreciation expense on owned assets. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 31, 2013:

2014	\$ 11,603
<b>Total minimum lease payments</b>	<u>11,603</u>
Less amounts representing interest	391
<b>Present value of minimum lease payments</b>	<u>11,212</u>
Less current portion	11,212
	<u>\$ -</u>

#### Note 7. Concentrations

##### 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, 2011 and expires June 30, 2014.

#### Note 8. Related Party Transactions

ASCVB receives operating revenues in the form of bed tax collections from the City of Akron and Summit County. The City of Akron also reimburses ASCVB for expenses related to repairs and maintenance and capital improvements to Greystone Hall. The receivable balance was \$195,735 and \$100,420 at December 31, 2013 and 2012, respectively.

#### Note 9. Restricted Funds for Capital Assets

Under the term of the lease agreement with the City of Akron discussed in Note 7, 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 improvements. The amount of restricted funds was \$2,106,768 and \$2,216,738 at December 31, 2013 and 2012, respectively.

**SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN NET POSITION – BUREAU**

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

**For the years ended December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>OPERATING REVENUES</b>		
Summit County	\$ 3,179,629	\$ 3,098,389
City of Akron	138,000	138,000
Everything Akron Store	175	388
<b>Total operating revenues</b>	<b>3,317,804</b>	<b>3,236,777</b>
<b>OPERATING EXPENSES</b>		
Salaries and wages	417,578	396,343
Payroll taxes and employee benefits	89,767	86,046
Property insurance	9,125	8,866
Utilities	11,619	11,604
Promotion	333,882	194,905
Advertising and printing	115,813	113,323
Office supplies and accessories	4,771	5,229
Postage	11,622	11,672
Dues and subscriptions	9,815	10,824
Professional fees	14,551	35,757
Travel	26,557	21,197
Maintenance and repairs	24,991	13,551
Lease	2,518	5,731
Trade shows	2,590	3,800
Miscellaneous	4,967	3,044
<b>Total operating expenses</b>	<b>1,080,166</b>	<b>921,892</b>
<b>Operating income before depreciation and amortization</b>	<b>2,237,638</b>	<b>2,314,885</b>
Depreciation and amortization	2,663	2,663
<b>Operating income</b>	<b>2,234,975</b>	<b>2,312,222</b>
<b>NONOPERATING REVENUE</b>		
Management fee	17,499	9,391
Investment and other income	22,287	22,221
<b>Total nonoperating revenue</b>	<b>39,786</b>	<b>31,612</b>
<b>Change in net position</b>	<b>\$ 2,274,761</b>	<b>\$ 2,343,834</b>

**SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN NET POSITION – CENTER**

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

**For the years ended December 31, 2013 and 2012**

	2013	2012
<b>OPERATING REVENUES</b>		
Space income	\$ 318,600	\$ 339,309
Food service	1,199,138	1,178,374
Ancillary service	627,595	720,301
<b>Total operating revenues</b>	<b>2,145,333</b>	<b>2,237,984</b>
<b>OPERATING EXPENSES</b>		
Salaries and wages	1,720,664	1,757,042
Payroll taxes and employee benefits	432,780	501,585
Property insurance	76,599	82,845
Utilities	316,674	342,138
Promotion	42,363	25,946
Bad debt expense - net of recoveries	96	-
Advertising and printing	12,653	19,720
Office supplies and accessories	24,884	27,011
Postage	5,306	6,011
Dues and subscriptions	1,957	2,309
Professional fees	19,866	46,419
Travel	8,967	8,891
Maintenance and repairs	300,858	221,734
Contracted services	322,960	334,706
Food services	607,715	559,135
Lease	9,116	10,907
Audiovisual	34,588	32,281
Trade shows	1,565	-
Video conferencing	-	90
Miscellaneous	53,497	50,976
<b>Total operating expenses</b>	<b>3,993,108</b>	<b>4,029,746</b>
<b>Operating loss before depreciation and amortization</b>	<b>(1,847,775)</b>	<b>(1,791,762)</b>
Depreciation and amortization	136,001	145,118
<b>Operating loss</b>	<b>(1,983,776)</b>	<b>(1,936,880)</b>
<b>NONOPERATING EXPENSES</b>		
Loss on disposal of assets	(1,596)	-
Interest expense	(2,245)	(8,948)
<b>Total nonoperating expenses</b>	<b>(3,841)</b>	<b>(8,948)</b>
<b>Change in net position</b>	<b>\$ (1,987,617)</b>	<b>\$ (1,945,828)</b>

**SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN NET POSITION – GREYSTONE**

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

**For the years ended December 31, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>OPERATING REVENUES</b>		
Space income	\$ 14,976	\$ 15,575
Rental income	65,110	60,525
Food service	631,496	565,916
Ancillary service	43,706	41,565
<b>Total operating revenues</b>	<b>755,288</b>	<b>683,581</b>
<b>OPERATING EXPENSES</b>		
Salaries and wages	342,539	328,652
Payroll taxes and employee benefits	56,498	61,759
Property insurance	7,226	7,834
Utilities	5,185	5,084
Promotion	4,036	5,274
Advertising and printing	2,975	4,038
Office supplies and accessories	8,462	8,812
Postage	689	591
Professional fees	6,886	11,122
Travel	568	515
Maintenance and repairs	4,413	4,355
Contracted services	15,834	12,060
Food services	263,297	212,710
Audiovisual	1,682	1,992
<b>Total operating expenses</b>	<b>720,290</b>	<b>664,798</b>
<b>Operating income before depreciation and amortization</b>	<b>34,998</b>	<b>18,783</b>
Depreciation and amortization	6,807	6,582
<b>Operating income</b>	<b>28,191</b>	<b>12,201</b>
<b>NONOPERATING EXPENSES</b>		
Management fee	(17,499)	(9,391)
Utility reimbursement to City of Akron	(17,499)	(9,391)
<b>Total nonoperating expenses</b>	<b>(34,998)</b>	<b>(18,782)</b>
<b>Change in net position</b>	<b>\$ (6,807)</b>	<b>\$ (6,581)</b>



**SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN NET POSITION – CREPERIE**

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

**For the years ended December 31, 2013 and 2012**

	<b>2013</b>	2012
<b>OPERATING REVENUE</b>		
Food service	\$ -	\$ 5,024
<b>Total operating revenue</b>	<b>-</b>	<b>5,024</b>
<b>OPERATING EXPENSES</b>		
Salaries and wages	-	8,710
Payroll taxes and employee benefits	-	904
Utilities	-	62
Professional fees	-	1,028
Food services	-	6,071
Miscellaneous	-	253
<b>Total operating expenses</b>	<b>-</b>	<b>17,028</b>
<b>Operating loss before depreciation and amortization</b>	<b>-</b>	<b>(12,004)</b>
Depreciation and amortization	<b>23,129</b>	23,129
<b>Operating loss</b>	<b>(23,129)</b>	<b>(35,133)</b>
<b>Change in net position</b>	<b>\$ (23,129)</b>	<b>\$ (35,133)</b>

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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  
John S. Knight Center  
77 E. 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, Ohio, (the Bureau) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements and have issued our report thereon dated April 11, 2014.

### ***Internal Control Over Financial Reporting***

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

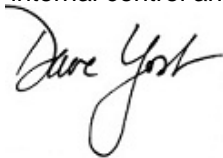
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 11, 2014



# Dave Yost • Auditor of State

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

**SUMMIT COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 10, 2014**