

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

**SUMMIT COUNTY**

**Audit Report**

**For the Years Ended December 31, 2017 and 2016**







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Akron Summit Convention and Visitors Bureau, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Akron Summit Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

June 27, 2018

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**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Summit County**  
For the Year Ended December 31, 2017 and 2016

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

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## **INDEPENDENT AUDITOR'S REPORT**

Akron/Summit Convention & Visitors Bureau, Inc.  
Summit County  
John S. Knight Center  
77 East Mill Street  
Akron, OH 44308

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, Ohio (the ASCVB), which comprise the statement of net position as of December 31, 2017 and 2016, the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the ASCVB's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to for the purpose of expressing an opinion on the effectiveness of the ASCVB's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, Ohio, as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's discussion and analysis* listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of expressing an opinion on the financial statements that collectively comprise the ASCVB's basic financial statements. The schedules of revenues, expenses and changes in net position for the Bureau, John S. Knight Center, and Greystone Hall are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of revenues, expenses and changes in net position for the Bureau, John S. Knight Center, and Greystone Hall are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures 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 May 18, 2018, on our consideration of the ASCVB's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 effectiveness of the ASCVB's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ASCVB's internal control over financial reporting and compliance.

*Charles Harris Associates*

*Charles E. Harris & Associates, Inc.*  
May 18, 2018

**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2017 and 2016**  
**(Unaudited)**

The following Management Discussion and Analysis (MD&A) provides a summary overview of the financial performance of the Akron/Summit Convention & Visitors Bureau, Inc. (herein referred to as the ASCVB) for the years ended December 31, 2017 and 2016. This information in the MD&A should be read in conjunction with the ASCVB's financial statements and corresponding notes to the financial statements.

**Financial Highlights and Outlook**

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

A relatively flat to minimal growth output in revenue and demand was experienced in 2017. Through strategic budgeting and a fluid reaction to market trends, an overall positive cash flow and net proceeds were experienced by the organization.

The subsequent information is provided as a framework of main factors of this analysis:

Sector and marketplace changes are happening at an increased pace based on splintered travel habits, e-commerce and related industry standards. Intuitive decision making and a nimble approach to consistently deliver the most up to date resources and products remains a top priority. Simultaneously, the awareness to anticipate and respond to turbulent business environments will be within a quick tactical pivot. All of this is to allow us to remain focused on energizing our core efforts of driving the Greater Akron & Summit County hospitality industry as a key economic generator for the region.

- Bed Tax Gross Collections showed a decrease in 2017 of 5% vs. 2016 collections
  - 2017 Total Gross Collections: \$5,022,397 | 2016 Total Gross Collections: \$5,288,919
- Smith Travel Research reports (for the Summit County MSA through December 2017) indicate the following results for 2017 vs. 2016:

	<u>Summit MSA</u>	<u>Statewide</u>
▪ Occupancy:	55.3% = Increase of 2.1%	60.3% = Increase of 1.4%
▪ Average Daily Rate:	\$89.4 = Decrease of 3.4%	\$97.16 = Decrease of 0.4%
▪ RevPAR:	\$49.48 = Decrease of 1.4%	\$58.59 = Increase of 1.0%

- The impact of some rate weakening and an increased surplus in the marketplace will create challenges in driving significant movement in revenue generation
- The sales efforts and yield management capacity with the current room inventory will play an increased role with hotel revenue departments
- Hotel Development:
  - One new hotel opened in the market in 2017
    - Home2 Suites (Stow)
  - Proposed Development recap
    - The Blu-tique Hotel on the corner of Main & Market in Akron
    - The Wallhouse Hotel on High St. between the Center and the Akron Art Museum

**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2017 and 2016**  
**(Unaudited)**

- The Testa/Bowery Project hotel on Bowery St.
  - Off the table is the former Akron Citi Center Hotel conversion into 70 hotel room units and 105 market rate apartment units
  - Efforts continue to analyze demand and options for hotel development in direct proximity to the Center
- Number of Events:
  - In 2017 the Center hosted:
    - 168 Events in 2017 vs. 179 in 2016
    - 361,000 Visitors in 2017 vs. 378,000 in 2016
  - In 2017 Greystone Hall hosted:
    - 119 Events in 2017 vs. 110 in 2016
    - 24,308 Visitors in 2017 vs. 22,763 in 2016
- Identifying and enabling rapid change to market intelligence allows us to be positioned to better facilitate and service our client's needs
- An accelerated effort for Sales, Promotion and Advertising will be executed
- Continuing expansion of connections and on-line access to tool-kits for our external hospitality partners through our CRM system further creates efficiencies and further engagements
- The 2017 roll-out of the eSports initiative has provided opportunity to expand our offerings to the rapidly growing and high profile eSports market
- The DEFY Convention Campaign continues to have an impact and access to local "champions" to assist extending the messaging of authentic experiences resulting in drawing groups/events to the area
- High performance results in the ever-growing space of social media, brand management and user directed content is creating channels to communicate in a low cost high impact sector
- The Partnerships in Motion activities continue to coalesce and provide impactful connections for our hospitality partners with mutually beneficial effects
- Art, cultural and community events and attendance at activities continues with moderate growth
- Iconic events and attractions have demonstrated growth complementing their stability through evolving of additional activities
  - All-American Soap Box Derby, Hale Farm & Village, Akron Marathon, Akron Zoo,
- Akron Art Museum, Hard Rock Rocksino and the Cuyahoga Valley National Park
- Some concerns regarding the future of the Bridgestone Invitational and the ability to attract another high level tournament if a contract extension is not reached
- Akron-Canton Airport is experiencing challenges in number of passengers and reduced flight schedules
- Once again, the Bureau's Destination Development Grant program continued in an effort to infuse funding in local hospitality partners to enable progress and growth of products and offerings
- State, Regional and National events, Convention Center based Trade Shows and Corporate activities continue to be an part of our overall business mix
- Greystone's management agreement with the City of Akron continues to pay dividends allowing for increase activities, revenue and impact on the downtown community
- Persistent enhancement and a forward-thinking posture in all business units will result in operational, cost control and customer service proficiencies

**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2017 and 2016**  
**(Unaudited)**

**Overview of the Financial Statements**

ASCVB's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, promulgated by the Government Accounting Standards Board (GASB).

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

- Statement of Net Position – This statement presents information on all the ASCVB's assets and liabilities, with the difference between the two reported as net position.
- Statement of Revenues, Expenses and Changes in Net Position – This statement shows how the ASCVB's net position has changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.
- Statement of Cash Flows – This statement reports cash and cash equivalent activities for the year resulting from operating, capital and related financing activities, and investing activities.
- The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.






**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2017 and 2016**  
**(Unaudited)**

**Financial Analysis of the ASCVB's Net Position and Revenues, Expenses and Changes in Net Position**

The tables below provide a summary of the ASCVB's financial position and operations for 2017, 2016 and 2015. Certain amounts may vary slightly due to differences caused by rounding to thousands.

**Condensed Statements of Net Position**  
**December 31**

(Amounts in thousands)

	2017	Change	2016	Change	2015
Current assets	\$ 5,008	7%	\$ 4,683	18%	\$ 3,985
Capital assets, net of accumulated depreciation and amortization	422	-12%	478	5%	456
Long-term assets	144	19%	121	137%	51
<b>Total assets</b>	<b>5,574</b>	<b>6%</b> 	<b>5,282</b>	<b>160%</b> 	<b>4,492</b>
Current liabilities	1,568	5%	1,488	18%	1,265
Long-term liabilities	162	-15%	190	78%	107
<b>Total liabilities</b>	<b>1,730</b>	<b>3%</b> 	<b>1,678</b>	<b>22%</b>	<b>1,372</b>
Net investment in capital assets	387	-10%	432	9%	398
Restricted for capital assets	1,780	-3%	1,841	-3%	1,890
Unrestricted (deficit)	1,677	26%	1,331	-60%	832
<b>Total net position</b>	<b>3,844</b>	<b>7%</b> 	<b>3,604</b>	<b>16%</b>	<b>3,120</b>
<b>Total liabilities and net position</b>	<b>\$ 5,574</b>	<b>6%</b> 	<b>\$ 5,282</b>	<b>18%</b>	<b>\$ 4,492</b>

During 2017 and 2016, net position increased by approximately \$240,000 and \$484,000, respectively.

**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2017 and 2016**  
**(Unaudited)**

The following tables summarize the changes in revenue and expenses for the ASCVB between 2017, 2016 and 2015.

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

	2017	Change	2016	Change	2015
<b><u>Operating Revenues</u></b>					
Hotel/motel tax	\$ 3,733	-5%	\$ 3,933	5%	\$ 3,733
Space, food and ancillary service	3,267	-9%	3,602	14%	3,155
<b><i>Total operating revenue</i></b>	<b>7,000</b>	<b>-7%</b>	<b>7,535</b>	<b>20%</b>	<b>6,888</b>
<b><u>Operating Expenses</u></b>					
Payroll and benefits	3,539	1%	3,519	4%	3,377
Property insurance	101	-2%	103	5%	98
Utilities	346	-14%	400	3%	389
Advertising and promotion	635	-8%	688	11%	622
Supplies	68	-4%	71	-14%	83
Maintenance and repairs	275	-21%	346	13%	306
Contracted services	375	-24%	492	-5%	516
Food services	1,019	-1%	1,032	12%	924
Depreciation and amortization	158	6%	149	-3%	154
Other	201	-7%	217	7%	202
<b><i>Total operating expenses</i></b>	<b>6,717</b>	<b>-4%</b>	<b>7,017</b>	<b>5%</b>	<b>6,671</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>					
Investment and other income (loss)	(43)	30%	(33)	1550%	(2)
<b><i>Total nonoperating revenue and expense</i></b>	<b>(43)</b>	<b>30%</b>	<b>(33)</b>	<b>1550%</b>	<b>(2)</b>
<b><i>Change in net position</i></b>	<b>\$ 240</b>	<b>-51%</b>	<b>\$ 485</b>	<b>126%</b>	<b>\$ 215</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 the ASCVB for operations. The remaining revenues largely come from convention facility sales.

**Operating Expenses**

Operating expenses decreased by approximately \$300,000 primarily from decreases in utilities, maintenance and repairs and contracted services.

**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2017 and 2016**  
**(Unaudited)**

**Capital Assets**

At the end of 2017, the ASCVB has approximately \$422,000 invested in capital assets. The net investment in capital assets includes improvements to the John S. Knight Convention Center.

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets.

**Economic Factors**

Despite strained economic factors, the ASCVB has been able to contain costs. The ASCVB anticipates a flat revenue stream and will continue to contain costs to stay within the operating budget.

**Contacting the ASCVB's Financial Management**

This report is designed to provide a general overview of the ASCVB's finances for all interested parties. Questions and requests for additional information regarding this report should be addressed to the President, Akron/Summit Convention & Visitors Bureau, Inc., 77 E. Mill Street, Akron, OH 44308.

**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Statement of Net Position**  
**Proprietary Fund Type**  
**December 31, 2017 and 2016**

<u>Assets</u>	2017	2016
<b>Current Assets</b>		
Cash and cash equivalents	\$ 748,363	\$ 332,071
Short-term investments	2,040,757	2,276,390
Accounts receivable less allowance for doubtful accounts of \$10,000 in 2017 and 2016	939,030	917,496
Accounts receivable:		
Summit County	939,418	928,701
City of Akron	146,672	33,060
Inventory	69,607	72,980
Prepaid expenses	123,990	122,417
<b>Total Current Assets</b>	5,007,837	4,683,115
<b>Noncurrent Assets</b>		
Property and equipment, net of depreciation and amortization	422,290	478,347
Accounts receivable, net of current	144,149	120,806
<b>Total Noncurrent Assets</b>	566,439	599,153
<b>Total Assets</b>	5,574,276	5,282,268
 <u>Liabilities</u>		
<b>Current Liabilities</b>		
Capital lease obligation, current portion	11,947	11,579
Accounts payable	167,472	214,270
Accrued expenses	300,609	296,311
Unearned revenue and customer deposits, current portion	1,088,059	977,176
<b>Total Current Liabilities</b>	1,568,087	1,499,336
<b>Long-term Liabilities</b>		
Capital lease obligation, net of current	22,991	34,969
Unearned revenue and customer deposits, net of current	138,865	143,546
<b>Total Long-term Liabilities</b>	161,856	178,515
<b>Total Liabilities</b>	1,729,943	1,677,851
 <u>Net Position</u>		
Net investment in capital assets	387,352	433,452
Restricted for capital assets	1,780,454	1,841,388
Unrestricted	1,676,527	1,329,577
<b>Total Net Position</b>	\$ 3,844,333	\$ 3,604,417

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



**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund Type**  
**For the Years Ended December 31, 2017 and 2016**

	2017	2016
<b><u>Operating Revenues:</u></b>		
Summit County	\$ 3,595,298	\$ 3,794,857
City of Akron	138,000	138,000
Space income	397,676	458,197
Rental income	97,600	85,394
Food service	2,052,641	2,123,706
Ancillary service	719,423	935,080
<b>Total Operating Revenue</b>	7,000,638	7,535,234
<b><u>Operating Expenses:</u></b>		
Salaries and wages	2,994,620	2,884,127
Payroll taxes and employee benefits	544,194	635,082
Property insurance	101,199	102,590
Utilities	346,246	399,866
Promotion	437,710	458,642
Bad debt expense - net of recoveries	587	-
Advertising and printing	197,660	229,754
Office supplies and accessories	32,018	35,444
Postage	19,434	20,512
Dues and subscriptions	16,892	14,592
Professional fees	75,091	62,434
Travel	41,598	49,147
Maintenance and repairs	274,994	345,877
Contracted services	300,015	429,976
Food services	1,018,732	1,032,437
Lease	5,033	5,100
Audiovisual	63,861	52,222
Trade shows	10,705	3,525
Miscellaneous	78,474	107,039
Depreciation and amortization	158,324	148,782
<b>Total Operating Expenses</b>	6,717,387	7,017,148
Operating Income (Loss)	283,251	518,086
<b><u>Non-Operating Revenues (Expenses):</u></b>		
Utility reimbursement to City of Akron	(60,934)	(48,217)
Loss on disposal of assets	(6,044)	-
Interest income (expense)	(1,760)	(1,653)
Investment and other income	25,403	16,376
<b>Total Non-Operating Revenues (Expenses)</b>	(43,335)	(33,494)
Change in Net Position	239,916	484,592
<b>Net Position, Beginning of Year</b>	3,604,417	3,119,825
<b>Net Position, End of Year</b>	\$ 3,844,333	\$ 3,604,417

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

**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Years Ended December 31, 2017 and 2016**

	2017	2016
<b><u>Cash Flows from Operating Activities:</u></b>		
Cash received from customers, taxes and subsidies	\$ 6,937,634	\$ 7,636,802
Cash payments to suppliers for goods and services	(3,065,247)	(3,271,834)
Cash payments to employees for services	(3,534,516)	(3,516,335)
<b>Net cash provided (used) by operating activities</b>	<b>337,871</b>	<b>848,633</b>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>		
Cash refunds (payments) of interest	(1,760)	(1,653)
Purchases of capital assets	(108,311)	(170,994)
Payments on capital lease obligations	(11,579)	(11,251)
Payments of utility reimbursements	(60,934)	(48,217)
<b>Net cash provided (used) by operating activities</b>	<b>(182,584)</b>	<b>(232,115)</b>
<b><u>Cash Flows from Investing Activities:</u></b>		
Interest on investments	25,403	16,376
Redemption of investments	2,527,602	-
Purchase of investments	(2,292,000)	(1,887,058)
<b>Net cash provided (used) by investing activities</b>	<b>261,005</b>	<b>(1,870,682)</b>
Increase (decrease) in cash and cash equivalents	416,292	(1,254,164)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>332,071</b>	<b>1,586,235</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 748,363</b>	<b>\$ 332,071</b>
<b><u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities</u></b>		
Operating income	\$ 283,251	\$ 518,086
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	158,324	148,782
Increase/decrease in operating assets and liabilities		
Accounts receivable	(44,877)	(301,533)
Accounts receivable - Summit County	(10,717)	34,938
Accounts receivable - City of Akron	(113,612)	124,698
Inventory	3,373	3,165
Prepaid expenses	(1,573)	3,057
Accounts payable	(46,798)	71,101
Accrued expenses	4,298	2,874
Unearned revenue and customer deposits	106,202	243,465
Total adjustments	54,620	330,547
<b>Net cash provided (used) by operating activities</b>	<b>\$ 337,871</b>	<b>\$ 848,633</b>
<b><u>Supplemental Disclosure of Non-Cash Capital Financing Activities</u></b>		
Loss on disposal of assets	\$ (6,044)	\$ -

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

**Akron Summit Convention & Visitors Bureau, Inc.**  
**Summit County**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

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**Note 1 – Description of the Entity**

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

The Board of Directors governs the operation of the ASCVB, including the John S. Knight Center (JSK), and Greystone Hall (Greystone). It is the purpose of the ASCVB to actively promote the Akron/Summit County area as an ideal location for conventions of all sizes, plus tourism for the area's various points of interest. It is the purpose of the ASCVB to completely manage and maintain the John S. Knight Center and Greystone Hall - convention centers (owned by the City of Akron) located in downtown Akron.

***Reporting Entity***

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

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

***Measurement Focus and Basis of Accounting***

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

**Akron Summit Convention & Visitors Bureau, Inc.**  
**Summit County**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

***Cash and Investments***

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

***Capital Assets***

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

All reported capital assets except land and construction in progress are depreciated using the straight-line method over the estimated useful lives of the respective assets:

Furniture, fixtures and equipment	5-10 years
Computer software	5 years
Vehicles	5 years
Leasehold improvements	5-10 years
Equipment under capital leases	5-10 years

***Recognition of Revenues and Expenses***

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

The ASCVB recognizes revenues at the time persuasive evidence of an arrangement exists, the service is provided or prices are fixed or determinable and collection is reasonably assured. Income from space, food and ancillary services for scheduled events is deferred and recognized in the period in which the event takes place.

**Akron Summit Convention & Visitors Bureau, Inc.**  
**Summit County**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Inventory***

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

***Use of Estimates***

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable represents amounts due from customers for events held at the John S. Knight Center and Greystone Hall; credit is extended based on an evaluation of a business or individual's financial condition and generally, collateral is not required. Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Amounts due on events taking place in excess of one year are classified as long-term. Management determines the allowance for doubtful accounts by identifying delinquent accounts for events that have taken place during the year and using historical experience. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

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

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

***Income Taxes***

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

**Akron Summit Convention & Visitors Bureau, Inc.**  
**Summit County**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

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**Note 2 – Summary of Significant Accounting Policies (continued)**

*Net Position*

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

**Note 3 – Deposits and Investments**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the ASCVB treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the ASCVB can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**Akron Summit Convention & Visitors Bureau, Inc.**  
**Summit County**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

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**Note 3 – Deposits and Investments (continued)**

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio local governments;
5. 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;
6. The State Treasurer's investment pool (STAR Ohio).
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the ASCVB and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Cash on Hand***

At December 31, 2017 and 2016, the ASCVB had \$16,255 and \$12,435, respectively, in undeposited cash on hand, which is included on the Statement of Net Position as part of "Cash and Cash Equivalents".

***Deposits***

At December 31, 2017 and 2016, the carrying amount of the ASCVB's deposits was \$2,772,865 and \$2,596,026, respectively (including \$2,040,757 and \$2,276,625, respectively, of non-negotiable certificates of deposit), and the bank balance was \$2,839,255 and \$2,619,033, respectively. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2017 and 2016, none of the ASCVB's bank balance was exposed to custodial credit risk as discussed below.

**Akron Summit Convention & Visitors Bureau, Inc.**  
**Summit County**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

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**Note 3 – Deposits and Investments (continued)**

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

***Investments***

The ASCVB has no formal investment policy however, the ASCVB's investments were limited to certificates of deposit at December 31, 2017 and 2016.

Interest Rate Risk: The ASCVB has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the ASCVB, and that an investment must be purchased with the expectation that it will be held to maturity.

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

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



**Akron Summit Convention & Visitors Bureau, Inc.**  
**Summit County**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

**Note 4 – Capital Assets**

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
<i><u>Historical Cost</u></i>				
Furniture, fixtures and equipment	\$ 1,605,147	\$ 108,311	\$ (528,932)	\$ 1,184,526
Computer software	9,814	-	(9,315)	499
Vehicles	13,314	-	-	13,314
Leasehold improvements	1,660,411	-	(128,784)	1,531,627
Equipment under capital leases	59,640	-	-	59,640
<i>Total historical cost</i>	<u>3,348,326</u>	<u>108,311</u>	<u>(667,031)</u>	<u>2,789,606</u>
<i><u>Accumulated Depreciation and Amortization</u></i>				
Furniture, fixtures and equipment	(1,357,096)	(97,908)	523,142	(931,862)
Computer software	(9,814)	-	9,315	(499)
Vehicles	(13,314)	-	-	(13,314)
Leasehold improvements	(1,482,798)	(54,451)	128,530	(1,408,719)
Equipment under capital leases	(6,957)	(5,965)	-	(12,922)
<i>Total accumulated depreciation and amortization</i>	<u>(2,869,979)</u>	<u>(158,324)</u>	<u>660,987</u>	<u>(2,367,316)</u>
Capital Assets, Net	<u>\$ 478,347</u>	<u>\$ (50,013)</u>	<u>\$ (6,044)</u>	<u>\$ 422,290</u>

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
<i><u>Historical Cost</u></i>				
Furniture, fixtures and equipment	\$ 1,491,902	\$ 113,245	\$ -	\$ 1,605,147
Computer software	9,814	-	-	9,814
Vehicles	13,314	-	-	13,314
Leasehold improvements	1,602,662	57,749	-	1,660,411
Equipment under capital leases	59,640	-	-	59,640
<i>Total historical cost</i>	<u>3,177,332</u>	<u>170,994</u>	<u>-</u>	<u>3,348,326</u>
<i><u>Accumulated Depreciation and Amortization</u></i>				
Furniture, fixtures and equipment	(1,273,409)	(83,687)	-	(1,357,096)
Computer software	(9,764)	(50)	-	(9,814)
Vehicles	(13,314)	-	-	(13,314)
Leasehold improvements	(1,423,716)	(59,082)	-	(1,482,798)
Equipment under capital leases	(994)	(5,963)	-	(6,957)
<i>Total accumulated depreciation and amortization</i>	<u>(2,721,197)</u>	<u>(148,782)</u>	<u>-</u>	<u>(2,869,979)</u>
Capital Assets, Net	<u>\$ 456,135</u>	<u>\$ 22,212</u>	<u>\$ -</u>	<u>\$ 478,347</u>

**Akron Summit Convention & Visitors Bureau, Inc.**  
**Summit County**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

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**Note 5 – Capital Lease**

In 2015, the ASCVB entered into a capitalized lease agreement for the acquisition of copiers. The terms of the agreement provide an option to purchase the item. The lease meets the criteria of a capital lease as one which transfers all benefits and risks of ownership to the lessee. Capital assets acquired by lease have been capitalized as equipment in the amount of \$59,640 equal to the present value of the future minimum lease payments at the time of acquisition.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments at December 31, 2017.

Year Ending December 31:	<u>Copiers</u>
2018	\$ 12,904
2019	12,904
2020	<u>10,753</u>
Less: Interest	<u>(1,623)</u>
Total Minimum Lease Payment	<u><u>\$ 34,938</u></u>

**Note 6 – Operating Leases**

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

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

Year Ending December 31:	<u>Payment</u>
2018	\$ 8,514
2019	8,514
2020	<u>7,697</u>
Total Minimum Lease Payment	<u><u>\$ 24,725</u></u>

**Note 7 – Retirement Plan**

The ASCVB sponsors an employee benefit plan, which qualifies under Section 401(k) of the Internal Revenue Code. The plan covers all employees including those covered by the collective bargaining union agreement that choose to participate and meet certain age and service requirements. The plan allows the employees to defer up to 15% of their annual compensation. At its discretion, the ASCVB may elect to match employee contributions or make non-elective contributions. There were no employer contributions to the plan during 2017 and 2016.

**Akron Summit Convention & Visitors Bureau, Inc.**  
**Summit County**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2017 and 2016**

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**Note 8 – Short-term Borrowings**

The ASCVB has a line of credit borrowing agreement with PNC bank. Under the terms of this agreement, the ASCVB has available a \$500,000 line of credit. Interest is payable monthly at the bank's prime lending rate (3.50% at December 31, 2017) and is collateralized by the ASCVB's investment account. There were no borrowings under this agreement at December 31, 2017 and 2016.

**Note 9 – Collective Bargaining Agreement**

The two full-time and the majority of the part-time employees of the John S. Knight Center are covered by a collective bargaining agreement. A new agreement was negotiated during 2017. The new agreement covers the period beginning July 1, 2017 and expiring June 30, 2020, while the previous agreement covered the period beginning July 1, 2014 and expiring June 30, 2017.

**Note 10 – Risk Management**

The ASCVB is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended December 31, 2017 and 2016, the ASCVB contracted with SeibertKeck to obtain coverage for the risks listed below.

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

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

**Note 11 – Restricted Net Position**

Under the terms of the lease agreement with the City of Akron discussed in Note 6, the ASCVB is required to "establish and fund a recurring capital cost fund to pay for repairs and maintenance" of the John S. Knight Center and related improvements. The amount of restricted funds was \$1,780,454 and \$1,841,388, respectively, at December 31, 2017 and 2016.

**Note 12 – Contingencies**

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

**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Convention & Visitors Bureau**  
**For the Years Ended December 31, 2017 and 2016**

	2017	2016
<b><u>OPERATING REVENUES:</u></b>		
Summit County	\$ 3,595,298	\$ 3,794,857
City of Akron	138,000	138,000
<b>Total Operating Revenue</b>	3,733,298	3,932,857
<b><u>OPERATING EXPENSES:</u></b>		
Salaries and wages	550,914	535,270
Payroll taxes and employee benefits	106,236	133,513
Property insurance	10,114	9,984
Utilities	13,362	13,778
Promotion	401,592	400,134
Advertising and printing	155,355	185,241
Office supplies and accessories	6,206	6,367
Postage	12,226	15,524
Dues and subscriptions	15,996	13,137
Professional fees	30,372	28,626
Travel	36,297	44,153
Maintenance and repairs	4,177	4,298
Lease	2,517	2,550
Trade shows	9,735	3,525
Miscellaneous	7,933	9,229
<b>Total Operating Expenses</b>	1,363,032	1,405,329
Operating Income (Loss)	2,370,266	2,527,528
<b><u>NON-OPERATING REVENUES (EXPENSE):</u></b>		
Management Fee	60,934	48,217
Investment and other income	25,403	16,376
<b>Total Non-Operating Revenues (Expenses)</b>	86,337	64,593
Change in Net Position	\$ 2,456,603	\$ 2,592,121

**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**John S. Knight Center**  
**For the Years Ended December 31, 2017 and 2016**

	2017	2016
<b><u>OPERATING REVENUES:</u></b>		
Space income	\$ 362,301	\$ 425,572
Food service	1,164,299	1,397,834
Ancillary service	682,140	898,423
<b>Total Operating Revenue</b>	2,208,740	2,721,829
<b><u>OPERATING EXPENSES:</u></b>		
Salaries and wages	1,988,820	2,005,912
Payroll taxes and employee benefits	404,013	443,704
Property insurance	80,150	81,999
Utilities	329,147	381,721
Promotion	29,150	45,973
Bad debt expense - net of recoveries	587	-
Advertising and printing	37,808	43,000
Office supplies and accessories	13,173	17,493
Postage	7,208	4,116
Dues and subscriptions	896	1,455
Professional fees	40,317	25,601
Travel	4,768	3,879
Maintenance and repairs	257,875	325,880
Contracted services	295,200	426,258
Food services	634,283	721,440
Lease	2,516	2,550
Audiovisual	61,876	50,132
Trade shows	970	-
Miscellaneous	70,541	97,810
Depreciation and amortization	154,804	142,714
<b>Total Operating Expenses</b>	4,414,102	4,821,637
Operating Income (Loss)	(2,205,362)	(2,099,808)
<b><u>NON-OPERATING REVENUES (EXPENSE):</u></b>		
Loss on disposal of assets	(6,044)	-
Interest income (expense)	(1,760)	(1,653)
<b>Total Non-Operating Revenues (Expenses)</b>	(7,804)	(1,653)
Change in Net Position	\$ (2,213,166)	\$ (2,101,461)

**Akron/Summit Convention & Visitors Bureau, Inc.**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Greystone Hall**  
**For the Years Ended December 31, 2017 and 2016**

	2017	2016
<b><u>OPERATING REVENUES:</u></b>		
Space income	\$ 35,375	\$ 32,625
Rental income	97,600	85,394
Food service	888,342	725,872
Ancillary service	37,283	36,657
<b>Total Operating Revenue</b>	1,058,600	880,548
<b><u>OPERATING EXPENSES:</u></b>		
Salaries and wages	454,886	342,945
Payroll taxes and employee benefits	33,945	57,865
Property insurance	10,935	10,607
Utilities	3,737	4,367
Promotion	6,968	12,535
Advertising and printing	4,497	1,513
Office supplies and accessories	12,639	11,584
Postage	-	872
Professional fees	4,402	8,207
Travel	533	1,115
Maintenance and repairs	12,942	15,699
Contracted services	4,815	3,718
Food services	384,449	310,997
Audiovisual	1,985	2,090
Depreciation and amortization	3,520	6,068
<b>Total Operating Expenses</b>	940,253	790,182
Operating Income (Loss)	118,347	90,366
<b><u>NON-OPERATING REVENUES (EXPENSE):</u></b>		
Utility reimbursement to City of Akron	(60,934)	(48,217)
Management Fee	(60,934)	(48,217)
<b>Total Non-Operating Revenues (Expenses)</b>	(121,868)	(96,434)
Change in Net Position	\$ (3,521)	\$ (6,068)

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

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**INDEPENDENT AUDITOR'S 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**

Akron/Summit Convention & Visitors Bureau, Inc.  
Summit County  
77 East Mill Street  
Akron, OH 44308

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, (the ASCVB) which comprise the statement of net position as of December 31, 2017 and 2016, and the statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated May 18, 2018.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the ASCVB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ASCVB's internal control. Accordingly, we do not express an opinion on the effectiveness of the ASCVB's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the ASCVB's financial statements will not be prevented or detected and corrected on a timely basis. 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.

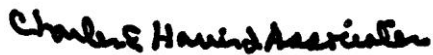
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the ASCVB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ASCVB's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ASCVB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



*Charles E. Harris & Associates, Inc.*  
May 18, 2018





# Dave Yost • Auditor of State

**AKRON SUMMIT CONVENTION AND VISITORS BUREAU**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 10, 2018**