

**Audited Financial Statements and
Other Financial Information**

Akron/Summit Convention & Visitors Bureau, Inc.

December 31, 2003 and 2002



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Akron/Summit Convention & Visitors Bureau, Inc., Summit County, prepared by Bruner-Cox, LLP, for the audit period January 1, 2003 to December 31, 2003. 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 & Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

March 30, 2004

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CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Unrestricted Revenue, Expenses and Other Changes in Unrestricted Net Assets	3 - 4
Statements of Changes in Net Assets	5
Statements of Cash Flows	6
Notes to Financial Statements	7
INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION	10
OTHER FINANCIAL INFORMATION	
Schedules of Activities – Bureau	11
Schedules of Activities – Center	12
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	13

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Akron/Summit Convention & Visitors Bureau, Inc.
Akron, Ohio

We have audited the accompanying statements of financial position of Akron/Summit Convention & Visitors Bureau, Inc. as of December 31, 2003 and 2002, and the related statements of unrestricted revenue, expenses and other changes in unrestricted net assets, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Akron/Summit Convention & Visitors Bureau, Inc. as of December 31, 2003 and 2002, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2004 on our consideration of Akron/Summit Convention & Visitors Bureau, Inc.'s control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and agreements. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bruner • Cox, LLP

January 26, 2004

STATEMENTS OF FINANCIAL POSITION

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

December 31, 2003 and 2002

	2003	2002
ASSETS		
Cash	\$ 115,384	\$ 92,267
Money market funds	1,712,102	1,701,982
Cash and cash equivalents	1,827,486	1,794,249
Accounts receivable less allowance for doubtful accounts of \$155,023 in 2003 and 2002	472,773	916,117
Accounts receivable - Summit County	430,451	435,585
Inventory	55,039	49,775
Prepaid expenses	89,145	97,354
Property and equipment, net of accumulated depreciation	950,612	968,537
	\$ 3,825,506	\$ 4,261,617
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 91,744	\$ 72,134
Accrued expenses	87,453	78,291
Note payable	12,941	16,068
Capital lease obligation	12,988	-
Deferred revenues	123,179	663,425
Total liabilities	328,305	829,918
 Net assets		
Unrestricted	1,965,912	2,142,664
Temporarily restricted	1,531,289	1,289,035
	3,497,201	3,431,699
	\$ 3,825,506	\$ 4,261,617

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

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

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2003 and 2002

	2003	2002
UNRESTRICTED REVENUE		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,657,927	1,625,803
Space income	480,972	287,265
Food service	1,243,469	1,166,889
Ancillary service	756,288	879,232
Investment and other income	42,937	51,327
Total unrestricted revenue	4,356,593	4,185,516
EXPENSES		
Salaries and wages	1,563,945	1,509,992
Payroll taxes and employee benefits	329,156	295,154
Property insurance	123,639	122,099
Telephone	60,730	67,094
Utilities	294,673	373,481
Promotion	116,618	123,608
Bad debt expense	-	32,901
Advertising and printing	190,476	215,861
Office supplies and accessories	13,052	12,617
Postage	25,037	23,044
Dues and subscriptions	16,184	12,659
Professional fees	69,287	59,240
Travel	28,594	46,071
Parking	13,145	20,385
Maintenance and repairs	182,047	197,591
Contracted services	276,659	335,442
Food services	551,963	484,830
Auto lease	11,619	9,338
Audiovisual	143,707	106,753
Trust fees	3,417	3,386
Trade shows	19,877	4,581

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

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2003 and 2002

	2003	2002
EXPENSES (Continued)		
Video conferencing	\$ 12,571	\$ 29,438
Loss on disposal of fixed assets	539	-
Miscellaneous	15,643	24,647
Depreciation	237,392	214,034
Interest	1,374	1,816
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Total expenses	4,301,344	4,326,062
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Increase (decrease) in unrestricted net assets	\$ 55,249	\$ (140,546)

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

STATEMENTS OF CHANGES IN NET ASSETS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2003 and 2002

	2003	2002
UNRESTRICTED NET ASSETS		
Total unrestricted revenue	\$ 4,356,593	\$ 4,185,516
Total unrestricted expenses	(4,301,344)	(4,326,062)
Depreciation funding	(232,001)	(208,643)
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Decrease in net unrestricted assets	(176,752)	(349,189)
TEMPORARILY RESTRICTED ASSETS		
Investment income	10,253	16,302
Depreciation funding	232,001	208,643
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Increase in temporarily restricted assets	242,254	224,945
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Increase (decrease) in net assets	65,502	(124,244)
NET ASSETS, BEGINNING OF YEAR	3,431,699	3,555,943
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NET ASSETS, END OF YEAR	\$ 3,497,201	\$ 3,431,699
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The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2003 and 2002

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 65,502	\$ (124,244)
Noncash item included in net assets		
Depreciation	237,392	214,034
Loss on disposal of fixed assets	539	-
Changes in assets and liabilities		
Accounts receivable	443,344	(45,949)
Accounts receivable - Summit County	5,134	(8,820)
Inventory	(5,264)	(5,924)
Prepaid expenses	8,209	(36,668)
Accounts payable	19,610	(59,482)
Accrued expenses	9,162	5,273
Deferred revenues	(540,246)	215,865
	243,382	154,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(220,106)	(165,151)
Proceeds from sale of fixed assets	100	-
	(220,006)	(165,151)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	14,509	-
Payments on borrowings	(4,648)	(3,093)
	9,861	(3,093)
Increase (decrease) in cash and cash equivalents	33,237	(14,159)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,794,249	1,808,408
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,827,486	\$ 1,794,249
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 1,374	\$ 1,816

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

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business

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

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

The financial statements reflect the application of certain accounting policies described in this note.

Use of Estimates

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

Concentration of Credit Risk

The Bureau maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Bureau has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Cash and Cash Equivalents

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

Accounts Receivable and Allowance for Doubtful Accounts

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

Accounts Receivable - Summit County

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

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

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

Property and Equipment

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

Deferred Revenues

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

Income Taxes

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

Reclassifications

Certain information previously reported in the December 31, 2002 financial statements has been reclassified to conform to the current year presentation.

Note 2. Property and Equipment

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

	Bureau		Center		Total	
	2003	2002	2003	2002	2003	2002
Furniture and fixtures	\$ 62,333	\$ 62,333	\$ 894,531	\$ 729,293	\$ 956,864	\$ 791,626
Computer software	-	-	172,495	151,819	172,495	151,819
Vehicles	26,956	26,956	-	-	26,956	26,956
Leasehold improvements	-	-	1,176,802	1,145,802	1,176,802	1,145,802
	89,289	89,289	2,243,828	2,026,914	2,333,117	2,116,203
Less accumulated depreciation	75,811	70,420	1,306,694	1,077,246	1,382,505	1,147,666
	\$ 13,478	\$ 18,869	\$ 937,134	\$ 949,668	\$ 950,612	\$ 968,537

Depreciation expense was \$237,392 and \$214,034 for 2003 and 2002, respectively.

Note 3. Money Market Funds

The Bureau's investment portfolios at December 31 consist of money market funds. Investment income for 2003 and 2002 was \$13,538 and \$25,732, respectively.

NOTES TO FINANCIAL STATEMENTS

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

Note 4. Retirement Plans

The Bureau sponsors an employee benefit plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan covers all employees meeting certain age and service requirements. The plan allows the employees to defer up to 15% of their annual compensation. At its discretion, the Bureau may elect to match employee contributions or make nonelective contributions. During 2003 and 2002, \$31,189 and \$32,433, respectively, was recorded as expense under this plan.

Note 5. Note Payable

On January 5, 2001, the Bureau borrowed \$21,956 from a bank at an interest rate of 10.00%. The loan is due on January 4, 2007 and is collateralized by a vehicle. Outstanding balances on the loan were \$12,941 and \$16,068 on December 31, 2003 and 2002, respectively.

Note 6. Commitments

Lease of Convention Center

The Bureau leases the John S. Knight Center from the City of Akron for a nominal rental of \$1 per year. This approximates the fair market value of the rental based on the revenues generated and expenses incurred by the facility.

Capital Lease

During 2003, the Bureau acquired equipment used in operations through a lease arrangement that has been classified as a capital lease. The equipment has been capitalized at the present value of the future minimum lease payments at the inception of the lease and is being amortized over 60 months. The outstanding balance on the capital lease obligation was \$12,988 at December 31, 2003.

Employment Contract

The Bureau has entered into an employment contract with its president through April 24, 2008 that provides for a minimum salary, adjusted annually for cost of living changes, and incentives based on the Bureau's attainment of specified levels of sales and earnings.

Note 7. Temporarily Restricted Net Assets

Under the term of the lease agreement with the City of Akron discussed in Note 5, the Bureau is required to "establish and fund a recurring capital cost fund to pay for repairs and maintenance" of the Center and improvements. Temporarily restricted net assets are available for this purpose. It is the intent of the Bureau to temporarily restrict assets in the amount of depreciation expense and investment income annually to comply with this external restriction.

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INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Akron/Summit Convention & Visitors Bureau, Inc.
Akron, Ohio

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following schedules (pages 11 and 12) for 2003 and 2002 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bruner • Cox, LLP

Akron, Ohio
January 26, 2004

SCHEDULES OF ACTIVITIES – BUREAU

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2003 and 2002

	2003	2002
UNRESTRICTED REVENUE		
City of Akron	\$ 175,000	\$ 175,000
Summit County	1,657,927	1,625,803
Investment and other income	19,371	15,863
	1,852,298	1,816,666
EXPENSES		
Salaries and wages	374,858	356,970
Payroll taxes and employee benefits	81,601	71,053
Property insurance	18,236	18,935
Telephone	20,590	24,106
Promotion	92,141	81,807
Advertising and printing	126,645	154,869
Office supplies and accessories	6,908	7,161
Postage	16,116	16,064
Dues and subscriptions	10,940	8,774
Professional fees	33,476	35,270
Travel	25,075	42,733
Maintenance and repairs	16,078	13,658
Auto lease	6,723	5,330
Trust fees	3,417	3,386
Trade shows	13,454	-
Miscellaneous	5,746	18,357
Depreciation	5,391	5,391
Interest	1,374	1,816
	858,769	865,680
Total expenses		
	\$ 993,529	\$ 950,986
Net excess revenues		

SCHEDULES OF ACTIVITIES – CENTER

AKRON/SUMMIT CONVENTION & VISITORS BUREAU, INC.

For the years ended December 31, 2003 and 2002

	2003	2002
UNRESTRICTED REVENUE		
Space income	\$ 480,972	\$ 287,265
Food service, net	1,243,469	1,166,889
Ancillary service	756,288	879,232
Investment and other income	23,566	35,464
Total unrestricted revenue	2,504,295	2,368,850
EXPENSES		
Salaries and wages	1,189,087	1,153,022
Payroll taxes and employee benefits	247,555	224,101
Property insurance	105,403	103,164
Telephone	40,140	42,988
Utilities	294,673	373,481
Promotion	24,477	41,801
Bad debt expense	-	32,901
Advertising and printing	63,831	60,992
Office supplies and accessories	6,144	5,456
Postage	8,921	6,980
Dues and subscriptions	5,244	3,885
Professional fees	35,811	23,970
Travel	3,519	3,338
Parking	13,145	20,385
Maintenance and repairs	165,969	183,933
Contracted services	276,659	335,442
Food services	551,963	484,830
Auto lease	4,896	4,008
Audiovisual	143,707	106,753
Trade shows	6,423	4,581
Video conferencing	12,571	29,438
Miscellaneous	9,897	6,290
Depreciation	232,001	208,643
Loss on disposal of fixed assets	539	-
Total expenses	3,442,575	3,460,382
Net excess expenses	\$ (938,280)	\$ (1,091,532)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Akron/Summit Convention & Visitors Bureau, Inc.
Akron, Ohio

We have audited the financial statements of Akron/Summit Convention & Visitors Bureau, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated January 26, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Akron/Summit Convention & Visitors Bureau, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Bruner • Cox, LLP

January 26, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

AKRON/SUMMIT CONVENTION 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
MAY 6, 2004**