

AUDITED FINANCIAL STATEMENTS

CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU  
CANTON, OHIO

December 31, 2001





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Board of Directors  
Canton Regional Chamber of Commerce  
Canton/Stark County Convention and Visitors' Bureau  
222 Market Avenue  
North Canton, Ohio 44702

We have reviewed the Independent Auditor's Report of the Canton/Stark County Convention and Visitors' Bureau, Stark County, prepared by Hall, Kistler & Company LLP, for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

June 5, 2002

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HALL, KISTLER & COMPANY LLP  
CONSULTANTS AND CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Canton Regional Chamber of Commerce  
Canton, Ohio

We have audited the accompanying statement of financial position of the Canton/Stark County Convention and Visitors' Bureau (Bureau) (a nonprofit organization), an affiliate of the Canton Regional Chamber of Commerce, as of December 31, 2001, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Canton/Stark County Convention and Visitors' Bureau as of December 31, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2002, 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 grants. 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.

*Hall, Kistler & Company LLP*

Certified Public Accountants

Canton, Ohio  
March 20, 2002

STATEMENT OF FINANCIAL POSITION

CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

December 31, 2001

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<u>ASSETS</u>		
Cash and cash equivalents	\$	807,073
Accounts receivable		180,205
Prepaid expenses		28,379
Investments		20,888
Office equipment		195,226
Promotional		76,050
Leasehold improvements		42,500
		<u>313,776</u>
Less accumulated depreciation		212,440
		<u>101,336</u>
TOTAL ASSETS	\$	<u><u>1,137,881</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable – trade	\$	130,254
Payable to Canton Regional Chamber of Commerce		7,961
Accrued expenses		15,913
Deferred income		25,000
		<u>179,128</u>
TOTAL LIABILITIES		
Unrestricted net assets		958,753
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>1,137,881</u></u>

See notes to financial statements.



STATEMENT OF ACTIVITIES

CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

Year ended December 31, 2001

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Revenues

County motel/hotel tax receipts	\$ 758,441
Special projects	76,568
Investment income	23,490
Total revenues	<u>858,499</u>

Expenses

Convention Department	215,391
Sports Promotion Department	279,589
Tourism Department - General	258,722
Tourist Information Center - Pro Football	
Hall of Fame	47,146
Visitor Information Center - Akron-Canton Airport	15,864
Total expenses	<u>816,712</u>

Change in net assets	41,787
Net assets at beginning of year	<u>916,966</u>
Net assets at end of year	<u>\$ 958,753</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS

CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

Year ended December 31, 2001

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CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 41,787
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	28,281
(Gain) on investments reported at fair value	(470)
Decrease in assets:	
Accounts receivable	7,673
Prepaid expenses	19,442
Increase (decrease) in liabilities:	
Accounts payable	94,274
Payable to Canton Regional Chamber of Commerce	(9,118)
Accrued expenses	(667)
Deferred income	25,000
Total adjustments	<u>164,415</u>
Net cash provided by operating activities	<u>206,202</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from investment maturities	25,000
Purchase of property and equipment	(1,552)
Net cash provided by investing activities	<u>23,448</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 229,650

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 577,423

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 807,073

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

December 31, 2001

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#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Affiliated Entity

The Canton/Stark County Convention and Visitors' Bureau (Bureau) is a department of the Canton Regional Chamber of Commerce (Chamber). The Bureau receives financial support from Stark County through revenues collected from a motel/hotel room tax. In order to ensure the observance of the limitations and restrictions placed on these funds, the activities of the Bureau are reported separately from those of the Chamber. Transactions between the affiliates are for the reimbursement of direct expenses and are in the normal course of business.

The Chamber provides the Bureau with the following, without cost: full bookkeeping services, auditing services by an outside certified public accounting firm, and rental of suitable office space (providing heat, light, air conditioning, water, waste disposal and janitorial services) at 12.5% below the established market price for such space. Also the Chamber provides insurance on the building and the contents of the Bureau's office, and bonding of all Bureau employees up to \$50,000 per employee. Also provided is liability insurance for libel for all Bureau employees. In addition, the Bureau is entitled to use, without charge, at mutually agreeable times, various items of office equipment, audio visual equipment, photographic equipment, and furniture which the Chamber may have available from time to time. Also the Bureau is entitled to use, without charge, the Chamber's meeting rooms, at mutually agreeable times.

##### Nature of Activities

The Bureau spotlights Stark County as a travel and tourism destination through target market advertising efforts and the creation of fulfillment publications. The Bureau also promotes the community as a successful meeting, convention and trade show destination. All levels of sporting events, statewide and nationwide, are actively solicited and secured by the Bureau.

##### Basis of Accounting

The financial statements of the Bureau have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Bureau, the accounts of the Bureau are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified.

#### Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains or losses included in the statement of activities. Investment income which includes interest, dividends, net realized gains or losses on fair value of investments and other investment income is reported in the period earned as increases in unrestricted net assets.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### Cash Equivalents

The Bureau considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents are carried at cost, which approximates market.

#### Concentration of Credit Risk

At December 31, 2001, cash and cash equivalent balances per the banks were in excess of Federally insured limits by approximately \$707,100.

#### Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets, which are generally 5 to 10 years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue and expenses are recorded on the accrual basis. County motel/hotel room tax is recognized as earned in the period in which applicable tax receipts are collected.

Contributed Services

A significant portion of the Bureau's sporting events and programs are conducted by unpaid volunteers. The value of these contributed services is not reflected in the financial statements.

Income Taxes

The Bureau is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code, except for advertising revenues and program administration fees.

NOTE B - INVESTMENTS

Investments are in debt securities with maturity dates of more than three months and are recorded at fair value. Investments consist of U.S. Treasury notes valued at \$20,888 at December 31, 2001.

Investment income is recorded in the aggregate on the statement of activities and consists of the following at December 31, 2001:

Interest	\$ 23,020
Gain on investments reported at fair value	470
	<u>\$ 23,490</u>

NOTE C - CONCENTRATIONS

Approximately 93% of the Bureau's accounts receivable were due from Stark County for the motel/hotel room tax. Approximately 88% of the Bureau's support was provided from Stark County through revenues collected from motel/hotel room tax.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE D - DEFERRED INCOME

The Bureau received a \$25,000 grant from the State of Ohio Department of Administrative Services. The grant is for capital improvements at the tourist information centers. The grant is recorded as deferred income until the capital improvements are completed.

NOTE E - LEASES

The Bureau leases two facilities on a month to month basis. Rental expense for operating leases consists of the following:

Office space from an affiliate	\$ 15,280
Tourist Information Center	5,400
	<u>\$ 20,680</u>

NOTE F - RETIREMENT PLAN

The Bureau has a 401(k) defined contribution profit-sharing plan which covers substantially all full-time employees. Under this plan, the Bureau will match employee contributions up to 3% of their gross wages. In addition, the Bureau may make discretionary contributions to the plan.

Charges to expense relating to the above plans amounted to \$10,780.

NOTE G - ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

INDEPENDENT AUDITOR'S 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 Directors  
Canton Regional Chamber of Commerce  
Canton, Ohio

We have audited the financial statements of the Canton/Stark County Convention and Visitors' Bureau (Bureau) (a nonprofit organization), an affiliate of the Canton Regional Chamber of Commerce, as of and for the year ended December 31, 2001, and have issued our report thereon dated March 20, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau'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 of the Board of Trustees, management and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

*Hall, Kistler + Company LLP*

Certified Public Accountants

Canton, Ohio  
March 20, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 18, 2002**