

AUDITED FINANCIAL STATEMENTS

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

December 31, 2003



**Auditor of State
Betty Montgomery**

Board of Directors
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, prepared by Hall, Kistler & Company LLP, for the audit period January 1, 2003 through 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 Canton/Stark County Convention and Visitors Bureau is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

May 13, 2004

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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), a department of the Canton Regional Chamber of Commerce, as of December 31, 2003, 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, 2003, and the changes in its net assets and 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 April 8, 2004, 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
April 8, 2004

B K R
INTERNATIONAL

STATEMENT OF FINANCIAL POSITION

CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

December 31, 2003

<u>ASSETS</u>		
Cash and cash equivalents		\$ 455,031
Accounts receivable		179,593
Prepaid expenses		23,017
Investments		395,137
Office equipment		200,714
Promotional		83,138
Leasehold improvements		62,237
		<u>346,089</u>
Accumulated depreciation		(247,465)
		<u>98,624</u>
	TOTAL ASSETS	<u>\$ 1,151,402</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable – trade		\$ 129,934
Payable to Canton Regional Chamber of Commerce		6,506
Accrued expenses		23,009
Deferred income		8,222
	TOTAL LIABILITIES	<u>167,671</u>
Unrestricted net assets		983,731
	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,151,402</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

Year ended December 31, 2003

<u>Revenues</u>	
County motel/hotel tax receipts	\$ 773,035
Visitor Information Center - Airport participation	17,000
Special projects	11,075
Contributions	7,915
Investment income	12,015
Total revenues	<u>821,040</u>
 <u>Expenses</u>	
Convention Department	222,411
Sports Promotion Department	244,224
Tourism Department	270,580
Tourist Information Center - Pro Football	
Hall of Fame	53,111
Visitor Information Center - Akron-Canton Airport	27,979
Total expenses	<u>818,305</u>
 Change in net assets	 2,735
 Net assets at beginning of year	 <u>980,996</u>
 Net assets at end of year	 <u>\$ 983,731</u>

STATEMENT OF CASH FLOWS

CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

Year ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,735
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	15,101
Loss on investments reported at fair value	12,433
(Increase) decrease in assets:	
Accounts receivable	1,910
Prepaid expenses	(2,640)
Increase (decrease) in liabilities:	
Accounts payable	(22,938)
Payable to Canton Regional Chamber of Commerce	959
Accrued expenses	4,841
Deferred income	(4,956)
Total adjustments	<u>4,710</u>
Net cash provided by operating activities	<u>7,445</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from investment maturities	157,382
Purchase of investments	(249,360)
Purchase of property and equipment	<u>(13,411)</u>
Net cash (used in) investing activities	<u>(105,389)</u>

NET (DECREASE) IN CASH AND CASH EQUIVALENTS (97,944)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 552,975

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 455,031

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CANTON/STARK COUNTY CONVENTION AND VISITORS' BUREAU

December 31, 2003

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 departments 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)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial statements present three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Bureau has no temporarily or permanently restricted net assets at December 31, 2003.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Support that is restricted by donors is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recorded at net realizable value.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2003, cash and cash equivalent balances per the banks were in excess of Federally insured limits by approximately \$305,000.

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 40 years. Depreciation expense was \$15,101 for the year ended December 31, 2003.

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 because, although clearly substantial, these services do not meet the criteria for recognition under SFAS No. 116.

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 \$395,137 at December 31, 2003.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B - INVESTMENTS (CONTINUED)

Investment income is recorded in the aggregate on the statement of activities and consists of the following at December 31, 2003:

Interest	\$ 24,448
(Loss) on investments reported at fair value	(12,433)
	<u>\$ 12,015</u>

NOTE C - CONCENTRATIONS

Approximately 93% of the Bureau's accounts receivable were due from Stark County for the motel/hotel room tax. Approximately 94% of the Bureau's support was provided from Stark County through revenues collected from motel/hotel room tax.

NOTE D - DEFERRED INCOME

The Bureau received a \$25,000 grant in 2001 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. During 2003, \$7,915 was expended for capital improvements.

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	\$ 14,960
Tourist Information Center	5,400
	<u>\$ 20,360</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 \$15,705.

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), a department of the Canton Regional Chamber of Commerce, as of and for the year ended December 31, 2003, and have issued our report thereon dated April 8, 2004. 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
April 8, 2004



**Auditor of State
Betty Montgomery**

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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
MAY 27, 2004**