Franklin County Stadium, Inc. and Columbus Baseball Team, Inc.

Audited Financial Statements

As of and for the years ended
December 31, 2008 and 2007

Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS
Focused on Your Future.

Mary Taylor, CPA
Auditor of State

Board of Directors
Franklin County Stadium, Inc. and Columbus Baseball Team, Inc.
330 Huntington Park Way
Columbus, Ohio 43215-9988

We have reviewed the *Independent Auditors' Report* of the Franklin County Stadium, Inc. and Columbus Baseball Team, Inc., Franklin County, prepared by Rea & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 9, 2009

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS
Focused on Your Future.

February 9, 2009

To the Board of Trustees
Franklin County Stadium, Inc. and
Columbus Baseball Team, Inc.
Columbus, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. (collectively, the "Organization"), a component unit of Franklin County, Ohio, and the related statements of revenues, expenses, and changes in net assets, and cash flows as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Organization'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 the Organization as of December 31, 2008 and 2007, and the results of its operations 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 February 9, 2009, on our consideration of the Organization'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 3 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Rea & Associates, Inc.

Rea & Associates, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

This narrative comparison is for the Columbus Clippers' 2008 audit as compared to the previous year. The 2008 season saw an increase in paid attendance of roughly 6.1%; with turnstile attendance increasing 10.0%. Season parking prices were maintained at last year's level and showed a modest increase in parking receipts due to the increased attendance. Daily ticket admission prices remained constant compared to prior year and showed a 9.0% increase due to the increase in walk-up attendance as the Clippers played their last season in Cooper Stadium. Purchasing season tickets for the last year in Cooper Stadium allowed fans the opportunity to purchase season tickets for next year as the team moves to the new Huntington Park. Season ticket sales increased 40.1% compared to last year as a result of this strategy. Concessions prices were permitted a small increase of 1%-2% that coincided with the raw material cost increase of the vendor. Souvenir income increased 37.8% from last year due to being the last year in Cooper Stadium, increase in attendance, and fans wanting to secure memorabilia of Cooper Stadium. Advertising revenue also increased. Other income categories were up slightly, except for Special Events, which declined 17.0% due to fewer concert events in 2008. Overall revenue increased 14.7%.

Stadium and field repairs and maintenance decreased slightly in 2008, as the Team continued to only maintain the Stadium to a minimum acceptable level due to the construction of the new ballpark to be opened in 2009. The Stadium celebrated its 76th birthday during the course of the 2008 calendar year. Utility costs were up considerably; even though management aggressively controls this to the best of their ability, the rising energy cost and unpredictable weather culminated in this additional expense. Insurance costs were down due to renegotiating premiums and the change in the baseball industry requirements throughout the country. Overall, team expenses remained level as a result of more travel being via bus instead of air travel.

The overall audit indicates a profitable year from an operations stand-point; however, expenses associated with the construction of the new ballpark and the decline in the securities market dramatically affected the bottom line. Reserves started being used in 2005, for the planning of the new downtown ballpark, to be known as Huntington Park, scheduled to open in 2009. Since then, the team expended over $4.9 million in that area of its operations including sponsorship payments of $4.8 million to Franklin County. Part of the increase in the Team's numbers during 2008, was due to fans and sponsors lining up to be able to participate in the new facility. The team continued to advise everyone that all ticket holders and sponsors of Cooper Stadium are first in line, on a seniority basis, when it comes to participating and securing tickets at the new downtown ballpark.

Please note that on December 5, 1976, for the sum of $25,000, the Board of Trustees of Columbus Baseball Team, Inc., doing business as the Columbus Clippers [Minor League] Professional Baseball Organization (Clippers), purchased a "franchise" position in Triple-A Minor League Baseball from the Pittsburgh Athletic Company, Inc., doing business as the Pittsburgh Pirates [Major League] Professional Baseball Organization. Long ago, that purchase price was amortized on the financial statements of the Organization.

In the last 32 years, valuation of franchises in Minor League Baseball has dramatically evolved, evidenced by confirmed sales figures. Before addressing the current valuation of the Clippers' franchise, one must understand the answer to this question: What is a "franchise" within the structure and rules of Minor League Baseball? As dictated by the terms of the Constitution and By-Laws of the International League of Professional Baseball Clubs, Inc. (International League), the Triple-A league in which the Clippers hold membership, the franchise is actually "owned" by the International League. The members within the International League are vested with "rights of membership" that translate to exclusive operational rights and obligations to the International League, Minor League Baseball, and the Office of the Commissioner of

Baseball. Since the Rules of Baseball confer each of the thirty Triple-A teams with the right to affiliate (through a standardized "Player Development Contract") with one of the thirty Major League Baseball organizations, the ownership of a Triple-A league membership exists and functions within a lawfully restricted and finite number of organizations -- just thirty. The same analysis applies to the Single-A and Double-A strata of teams within Minor League Baseball.

Demonstrative and illustrative of this dramatic increase in fair market valuation of Triple-A franchises is the value of membership in the International League held by the Scranton/Wilkes-Barre Minor League Baseball organization (Scranton franchise). In a disputed sale ultimately mandated to consummate based on judicial orders issued through federal litigation, as negotiated on September 3, 1986, the Scranton franchise sold for $2.4 million. See *Triple-A Baseball Club Associates v. Northeastern Baseball, Inc.,* 832 F.2d 214 (1st Cir. 1987). The organizational structure of the Scranton franchise was modeled after the Clippers; and ownership of the Scranton franchise was titled to a non-profit corporation within the government of Lackawanna County, Pennsylvania. In 1992, the Las Vegas Stars franchise (Stars franchise), a member of the Pacific Coast [Triple-A] League, sold for a reported $7 million to Mandalay Entertainment (Mandalay). About three years ago, Mandalay sold the Stars franchise for an undisclosed amount. In a contract executed in late 2006, Mandalay secured an option to purchase the Scranton franchise for between $13 million and $16.4 million, the actual purchase figure to be governed by the timing of Mandalay's execution of this option. Much to the apparent consternation of public officials in Lackawanna County, in an article on the finances of Minor League Baseball franchises published in the August 2008 issue of Forbes Magazine, the Scranton franchise was valued at $21.7 million. In the same Forbes article, the magazine claimed, "On average, the top 20 [Minor League Baseball franchises] are worth $21.2 million." In 2007, the Board of Trustees of the Clippers entered into an agreement with the Franklin County Commissioners which requires that the Clippers Board shall not sell the Clippers franchise without the express consent of the Franklin County Commissioners. As such, valuation of the Clippers franchise is largely a moot issue since the Clippers franchise will not be foreseeably placed on the market. Even so, the Clippers franchise undoubtedly represents a contractually encumbered multi-million dollar asset effectively owned by the people of Franklin County, Ohio. As of today, to the knowledge of the Clippers management, no comparable organization exists in all of professional sports in the United States.

In conclusion, the Columbus Clippers completed their 32nd season in 2008 of providing affordable, wholesome family entertainment for the citizens of Franklin County and Central Ohio. All capital expenditures since 1977 have been financed by the team. The two major factors impacting the success of the business operations continue to be the performance of the team on the field and the weather for home games; two factors where the business operations have little impact. The Columbus Clippers still stand as a model franchise in that they are the only team in minor league baseball, to our knowledge, that has no debt on its franchise or facility. That is a significant achievement in this industry of professional sports.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

The following table provides a summary of the Columbus Clippers' net assets as of December 31:

Summary of Net Assets (dollars are in thousands)

	2008	2007	Amount Change	% Change
Current and other assets	$ 16,488	$ 11,062	$ 5,426	49.05
Capital assets	1,044	1,420	(376)	(26.48)
Total assets	17,532	12,482	5,050	
Total liabilities	14,342	8,337	6,005	72.03
Net assets:				
Invested in capital assets	1,044	1,420	(376)	(26.48)
Unrestricted	2,146	2,725	(579)	(21.25)
Total net assets	$ 3,190	$ 4,145	$ (955)	

The following table provides a summary of the Columbus Clippers' net assets as of December 31:

Summary of Changes in Net Assets
(Dollars are in thousands)

	2008	2007	Amount Change	% Change
Revenues:				
Operating	$ 4,496	$ 3,919	$ 577	
Nonoperating	(572)	197	(769)	
Total revenues	3,924	4,116	(192)	(4.64)
Expenses:				
Operating	4,497	4,041	456	
Nonoperating	382	392	(10)	
Total expenses	4,879	4,433	446	10.06
Increase (decrease) in net assets	(955)	(317)	(638)	
Beginning net assets	4,145	4,462	(317)	(7.66)
Ending net assets	$ 3,190	$ 4,145	$ (955)	(23.02)

All numbers are in line with the decline in turnstile attendance. The team continues to watch their finances with great care and is staying in line with expected yearly expenses.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2008 AND 2007

ASSETS

	2008	2007
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,515,717	$ 377,117
Cash due to County	225,000	-
Investments in marketable securities	923,333	1,742,403
Trade accounts receivable, net	103,197	108,288
Souvenir and equipment inventory	87,146	157,164
Prepaid expenses, Huntington Park	13,177,812	-
Other prepaid expenses	1,170	1,369
Total current assets	16,033,375	2,386,341
OTHER ASSETS:		
Prepaid expenses, Huntington Park	-	8,286,954
Deposit	17,424	-
Cash surrender value life insurance	436,710	388,390
Capital assets, net	1,044,285	1,420,452
Total assets	$ 17,531,794	$ 12,482,137

LIABILITIES AND NET ASSETS

	2008	2007
CURRENT LIABILITIES:		
Accounts payable	$ 28,006	$ 55,582
Accrued expenses	15,392	26,882
Deferred revenue	1,499,942	487,665
Deferred compensation	513,169	477,158
Total current liabilities	2,056,509	1,047,287
LONG-TERM LIABILITIES:		
Unearned revenue, Huntington Park	12,285,000	7,290,000
Total liabilities	14,341,509	8,337,287
NET ASSETS:		
Investment in capital assets, net of related debt	1,044,285	1,420,452
Unrestricted	2,146,000	2,724,398
Total net assets	3,190,285	4,144,850
Total liabilities and net assets	$ 17,531,794	$ 12,482,137

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

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
REVENUES:		
Ticket sales	$ 1,735,996	$ 1,431,717
Concessions	974,381	838,865
Souvenirs	403,921	293,214
Parking	293,021	271,973
Special events	379,142	454,148
Advertising	499,950	426,083
Other	209,370	202,781
Total revenues	4,495,781	3,918,781
EXPENSES:		
Stadium	1,139,547	1,093,701
Payroll and related taxes	1,750,013	1,591,261
Team	451,261	470,675
Souvenirs	454,002	255,841
Advertising	218,349	204,074
Other	483,996	425,695
Total expenses	4,497,168	4,041,247
Change in net assets before investment income (loss) and depreciation and amortization	(1,387)	(122,466)
INVESTMENT INCOME (LOSS):		
Interest and dividends	26,526	34,703
Net realized and unrealized gains (loss)	(597,609)	163,075
Total investment income (loss)	(571,083)	197,778
Change in net assets before depreciation and amortization	(572,470)	75,312
DEPRECIATION AND AMORTIZATION EXPENSE	382,095	392,133
Changes in net assets	(954,565)	(316,821)
NET ASSETS, beginning of year	4,144,850	4,461,671
NET ASSETS, end of year	$ 3,190,285	$ 4,144,850

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

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 5,513,348	$ 3,982,341
Cash paid to suppliers	(2,699,246)	(2,511,815)
Cash paid to employees	(1,750,013)	(1,591,261)
Cash paid for Huntington Park expenses	104,142	(98,285)
Cash surrender value of life insurance	(29,266)	(29,266)
Net cash provided (used) in operations	1,138,965	(248,286)
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES:		
Payments for the purchase of capital assets	(5,928)	(31,470)
Deposits for capital assets	(17,424)	-
Net cash used for capital and relating financing activities	(23,352)	(31,470)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends in marketable securities	26,526	34,703
Proceeds from the sale of investments	1,241,200	1,255,433
Purchase of investments in marketable securities	(1,019,739)	(1,478,038)
Net cash provided (used) by investing activities	247,987	(187,902)
Net increase (decrease) in cash and cash equivalents	1,363,600	(467,658)
CASH AND CASH EQUIVALENTS, beginning of year	377,117	844,775
CASH AND CASH EQUIVALENTS, end of year	$ 1,740,717	$ 377,117

	2008	2007
Reconciliation of changes in net assets before investment income to net cash used in operating activities:		
Changes in net assets before investment income	$ (383,482)	$ (514,599)
Adjustments to reconcile changes in net assets before investment income, to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Trade accounts receivable, net	5,091	(65,059)
Souvenir and equipment inventory	70,018	(48,379)
Prepaid expense Huntington Park and other	(4,890,659)	(5,406,627)
(Increase) decrease in cash surrender value of life insurance, depreciation and amortization:		
Cash surrender value of life insurance	(48,320)	(45,956)
Depreciation and amortization	382,095	392,133
Increase (decrease) in operating liabilities:		
Accounts payable	(27,576)	7,205
Accrued expenses	(11,490)	(4,117)
Deferred revenue	1,012,277	128,619
Deferred compensation	36,011	6,011
Increase in long-term liabilities		
Unearned revenue, Huntington Park	4,995,000	5,310,000
Total adjustments	1,522,447	273,830
Net cash provided (used) by operating activities	$ 1,138,965	$ (240,769)

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

FRANKLIN COUNTY STATIUM, INC. AND COLUMBUS BASEBALL TEAM, INC

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Franklin County Stadium, Inc. ("Stadium, Inc.") and the Columbus Baseball Team, Inc. (the "Team") were organized by Franklin County, Ohio (the "County") as not-for-profit Ohio corporations in accordance with Section 1702.01 of the Ohio Revised Code to manage, operate and promote a professional baseball team and such other forms of entertainment that benefit the general welfare of the County. Both corporations are directed by the Franklin County Board of Parks and Recreation (the "Board") and are component units of the County.

The accounting policies and financial reporting practices of Stadium, Inc. and the Team conform to Generally Accepted Accounting Principles (GAAP). Stadium, Inc. and the Team apply all relevant Governmental Accounting Standards Board (GASB) pronouncements. Stadium, Inc. and the Team have implemented GASB Statement 20. They have elected to apply all applicable statements issued by the Financial Accounting Standards Board (FASB). The adoption of this approach to accounting required no change from prior years. The following is a summary of its significant accounting policies:

Basis of Presentation - Fund Accounting
The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenses. The operating fund of Stadium, Inc. and the Team is a proprietary fund. It is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of operating the stadium are financed through user charges.

Basis of Accounting
The proprietary funds are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses, including depreciation, are recognized at the time liabilities are incurred.

Stadium, Inc. and the Team report deferred revenue on the balance sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by Stadium, Inc. and the Team before they have a legal claim to them, as when season ticket monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when Stadium, Inc. and the Team have a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Principals of Combination
The accompanying financial statements of the Columbus Baseball Team, Inc. and Franklin County Stadium, Inc. (collectively, the "Organization") include the results and balances of both companies. All significant inter-company accounts and transactions have been eliminated in combinations.

Rent income of $285,000 to Franklin County Stadium, Inc. was eliminated by the rent expense of $285,000 for Columbus Baseball Team, Inc.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At December 31, net asset components for each company are as follows:

	2008		2007	
	Team, Inc.	Stadium, Inc.	Team, Inc.	Stadium, Inc.
Invested in capital assets, net of related debt	$ 69,934	$ 974,351	$ 97,532	$ 1,322,920
Unrestricted	751,260	1,394,740	486,753	2,237,645
Total net assets:	821,194	2,369,091	584,285	3,560,565
Total combined net assets	$ 3,190,285		$ 4,144,850	

Budgetary Data
Stadium, Inc. and the Team are not subject to annual budget requirements.

Use of Management's Estimates
Preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates.

Cash and Cash Equivalents
For purposes of the statement of cash flows, Stadium, Inc. and the Team consider all cash in checking accounts, money market accounts and petty cash to be cash equivalents.

Investments in Marketable Securities
The Team and Stadium, Inc. have adopted Statement of financial Accounting Standards (SFAS) No 124, "*Accounting for Certain Investments Held by Not-for-Profit Organizations,*" which requires that investments in equity securities with readily determinable fair values and all investments in debt securities be reported at fair value within the statements of financial position. Net realized and unrealized gains and losses are to be reported within the statement of financial position. Net realized and unrealized gains and losses are to be reported within the statement of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. The Team and Stadium, Inc. pool all individual cash balances and investments in marketable securities for investment purposes. Investment income is allocated to Stadium, Inc. and the Team based on the average investment balances in each entity.

Stadium, Inc. and the Team use the specific identification cost method when calculating realized gains and losses on sales of investments in marketable securities.

Trade Accounts Receivable
Accounts receivable are recorded at the invoiced amounts and do not bear interest. Management reviews past due balances on a case-by-case basis to determine whether an allowance for doubtful accounts is considered necessary. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Recoveries of receivables previously written off are recorded when received.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Souvenir and Equipment Inventory

Inventories are stated at the lower of cost (first-in, first-out basis) or market. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed. For the years ended December 31, 2008 and 2007, souvenir expense included giveaways of $213,323 and $73,000, respectively.

Capital Assets

Capital asset purchases are capitalized at cost. Stadium, Inc. and the Team maintain a capitalization threshold of $3,000. Depreciation is recorded on the straight-line basis using the following asset lives:

Machinery and equipment	3 - 10 years
Leasehold improvements	5 - 20 years
Playing field	10 years

Advertising

Advertising costs are expensed as incurred. Advertising costs, net of reimbursements from sponsors was $218,349 and $204,074, for the years ended December 31, 2008 and 2007, respectively.

Income Taxes

Stadium, Inc. and the Team are a combined component unit of Franklin County and are exempt from Federal income tax under Section 115 of the Internal Revenue Code. Accordingly, no income tax expense is recorded in the accompanying financial statements.

Reclassification of Financial Statement Presentation

Certain reclassifications have been made to the December 31, 2007, financial statements to conform to the December 31, 2008 financial statement presentation. Such reclassifications had no effect on net assets as previously reported.

NOTE 2: CASH AND INVESTMENTS

Deposits: All monies are deposited into banks or investment companies designated by the governing board. Funds not needed for immediate expenditure may be deposited in interest bearing or non-interest bearing accounts, or U.S. government obligations. Security shall be furnished for all deposits, whether interest-bearing or non-interest bearing, except that no such security is required for U.S. government obligations.

Stadium, Inc. and the Team maintain cash deposits in different financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. From time to time, the Organization may have cash deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments: The following securities are authorized investments under Stadium, Inc.'s policy:

1. United States Treasury notes, bills, bonds, or other obligation or security issued by the Treasury, any other obligation guaranteed as to principal and interest by the U.S., or any book entry, zero-coupon security that is a direct obligation of the United States.

2. Bonds, notes, debentures, or any other obligations or securities issued directly by any federal government agency or instrumentality.

3. Money market mutual funds, provided that the investments are made only through eligible institutions.

4. Common stocks in publicly traded companies in an equity account managed by certified and licensed professionals.

As of December 31, Stadium, Inc. and the Team had the following investments in marketable securities:

	2008		2007	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
Investments in marketable securities:				
Managed equity accounts	$ 923,333	67.89%	$ 1,742,403	81.77%
Cash surrender value of life insurance	436,710	32.11%	388,390	18.23%
Total investments	$ 1,360,043	100.00%	$ 2,130,793	100.00%

Interest rate risk: Stadium, Inc. does not have a policy limiting investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit risk: Stadium, Inc. does not place a limit on the amount that may be invested in any one issuer.

Custodial credit risk: For an investment, the custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, Stadium, Inc. will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In order to mitigate custodial risk, the Stadium, Inc. only purchases their investments through a licensed broker/dealer or institution.

Cash due to County: Sponsorship payments received by Stadium, Inc. and are passed through to the County for the construction of Huntington Park.

NOTE 3: RETIREMENT AND DEFERRED COMPENSATION

In connection with employment contracts between the Team and certain key employees, provisions have been made for deferred compensation which is payable upon retirement. These contracts have been accrued and have been recognized in the financial statements in the amount of $513,169 and $477,158, for December 31, 2008 and 2007, respectively.

The Team is the owner and beneficiary of life insurance policies aggregating $1,855,732 and $1,754,000, at December 31, 2008 and 2007, respectively, on the lives of those employees. The policies had an aggregate cash surrender value of $438,358 and $388,390, at December 31, 2008 and 2007 respectively.

The deferred compensation is to be paid to the individuals or their survivors over a period of ten years commencing with the first year following retirement from the Team. The Team records annual accruals for the cost of providing such benefits by recording an expense. The amount accrued was $36,011, for the years ended December 31, 2008 and 2007. The accruals increase each year based on a discount rate (7%) used in determining the liability that will be due when the employees are eligible for deferred compensation benefits.

NOTE 4: CAPITAL ASSETS

The Team's capital assets consist of the following at December 31:

	2008	2007
Cost:		
Machinery and equipment	$ 1,165,264	$ 1,159,336
Leasehold improvements	4,452,537	4,452,537
Playing field	922,782	922,782
Total capital assets, at cost	6,540,583	6,534,655
Accumulated depreciation:		
Machinery and equipment	(1,095,331)	(1,061,804)
Leasehold improvements	(3,480,019)	(3,223,729)
Playing field	(920,948)	(828,670)
Total accumulated depreciation	(5,496,298)	(5,114,203)
Total capital assets, net	$ 1,044,285	$ 1,420,452

Depreciation expense was $382,095 and $390,136, for the years ending December 31, 2008 and 2007, respectively. Stadium, Inc. maintains an economic interest in the leasehold improvements due to proceeds from the sale of Cooper Stadium being used to pay future rent expense at Huntington Park.

NOTE 5: CONCESSIONS CONTRACT

On March 1, 2001 the Stadium, Inc. entered into a food and beverage contract with Sodexo to operate the concessions. The original agreement was for a four-year period, but contains provisions for an annual review and analysis of operations. This contract was extended for 2008. The concessions revenue consists of commissions received from Sodexo of $974,381 and $838,865, for the years ended December 31, 2008 and 2007, respectively.

NOTE 6: TRANSACTIONS WITH AFFILIATES

Stadium, Inc. leases Cooper Stadium from the Franklin County Commissioners (the "Lessor") for a fee of $1.00 per year plus an amount to be jointly agreed upon by the Board and the Commissioners. Additional rent is based upon the availability of unexpended revenue and monies expended by Stadium, Inc. and the Team for maintenance and improvements to Cooper Stadium. The lease expense was $1.00 for the years ended December 31, 2008 and 2007. The lease was re-drawn and will transfer in 2009 to the new ballpark. Stadium, Inc. subleases Cooper Stadium to the Team. After moving to the new ballpark in 2009, Stadium, Inc. will lease Huntington Park from Lessor for a fee of $1.00 per year. In addition to rent, Stadium, Inc. agrees to assume the payment of all expenses incurred in managing and operating Huntington Park. After payment of Huntington Park expenses, and prior to adding funds toward maintaining a reasonable reserve operating fund, Stadium, Inc. shall pay the bond trustee or lender an amount equal to 1/12th of the annual debt service of any financing packages, including revenue bonds, which are to be issued under the name of the Lessor in 2009, upon moving to the new ballpark. Anticipated debt service payments to the County from Stadium, Inc. total $2,131,070 for 2009. Payments will first be taken from the County's Stadium Debt Service Fund; which held $1,915,924 at December 31, 2008.

The term of the new Lease shall commence on the date of completion of Huntington Park and shall end on December 31 of the year in which the Team's 25th full season after the completion date is concluded. This lease may be renewed by Stadium, Inc. upon 30 days written notice prior to the end of the Term, at the same rent, for two consecutive ten-year terms. Stadium, Inc. will sublease Huntington Park to the Team.

NOTE 7: PLAYER DEVELOPMENT CONTRACTS/BASEBALL AGREEMENT

On October 1, 2004, the National Association of Professional Baseball Leagues (the "Minor Leagues") signed an agreement (the "baseball agreement") with the National League of Professional Baseball Clubs and the American League of Professional Baseball Clubs (collectively the "Major Leagues"), which is effective through September 30, 2014, subject to modification by either party after September 30th of each season. The terms of the baseball agreement modified the Team's player development contract with the Major Leagues. Under the terms of the baseball agreement, the Minor League Club is responsible for the players' hotel and travel costs, uniform and equipment cost and other partial costs as designated in the contract.

NOTE 7: PLAYER DEVELOPMENT CONTRACTS/BASEBALL AGREEMENT (CONTINUED)

The baseball agreement requires payment from the Minor Leagues to the Major Leagues for maintenance of the player development contracts, in an amount equal to a percentage of the Minor League's Clubs' net championship season ticket revenue. In 2008, each Minor league team paid 6.0% of the net championship season ticket revenue.

As of October 1, 2008, a new player development contract was signed with the Cleveland Indians, which will run through September 30, 2012.

NOTE 8: SPONSORSHIP AGREEMENTS

In October 2006, the Team as agent for Stadium, Inc., entered into eight sponsorship agreements for the new facility, Huntington Park. The agreements are with Huntington National Bank, Nationwide Mutual Insurance Co., The Dispatch Printing Co., American Electric Power, Time Warner Cable, LLC, Sodexo Management, Inc., Mount Carmel Health System and Nationwide Realty Investors. Amounts related to 2008 and 2007, are presented in the financial statements as unearned revenue. The agreements stipulate that the Team must reimburse the sponsors for 1/20th of the monies for each season the Team does not play baseball. According to the agreements, future amounts will be paid to the Stadium as follows:

	Huntington National Bank	Nationwide Insurance	Dispatch Printing	Nationwide Realty
2009	$ 350,000	$ 125,000	$ 150,000	$ 40,000
2010	350,000	125,000	150,000	40,000
2011	350,000	125,000	150,000	40,000
2012	350,000	125,000	150,000	40,000
2013-2028	5,600,000	2,000,000	2,400,000	640,000
Totals	$ 7,000,000	$ 2,500,000	$ 3,000,000	$ 800,000

	Time Warner	AEP	Sodexo	Mt. Carmel Health System	Totals
2009	$ 375,000	$ 125,000	$ 425,000	$ 167,000	$ 1,757,000
2010	125,000	125,000	175,000	167,000	1,257,000
2011	125,000	125,000	175,000	167,000	1,257,000
2012	125,000	125,000	175,000	167,000	1,257,000
2013-2028	2,000,000	2,000,000	2,625,000	2,672,000	19,937,000
Totals	$ 2,750,000	$ 2,500,000	$ 3,575,000	$ 3,340,000	$ 25,465,000

NOTE 8: SPONSORSHIP AGREEMENTS (CONTINUED)

An Agency Agreement between the Team as agent for Stadium, Inc. and the County was signed February 1, 2006. All amounts received by Stadium, Inc. related to the sponsorship agreements are immediately transferred to Franklin County for construction. Prepaid expenses for Huntington Park include amounts related to the construction project and sponsor revenue transferred to the County. The prepaid expenses will not be amortized until the related revenue is earned when the Team begins playing in the new ballpark. Sodexo's sponsorship payment due in 2008 was partially waived in lieu of their purchase of all concession equipment assets. Once all equipment is purchased, it becomes an asset of Stadium, Inc. Upon opening of the new ballpark, the difference in the purchase price of the concession equipment assets and the sponsorship agreement will be remitted to Stadium, Inc.

Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS
Focused on Your Future.

February 9, 2009

To the Board of Trustees
Franklin County Stadium, Inc. and
Columbus Baseball Team, Inc.
Columbus, Ohio

INDEPENDENT AUDITORS' 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*

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of the Franklin County Stadium, Inc. ("Stadium, Inc.") and Columbus Baseball Team, Inc. (the "Team") as of and for the year ended December 31, 2008, and have issued our report thereon dated February 9, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Stadium, Inc. and the Team as of and for the year ended December 31, 2008, 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 we considered Stadium Inc.'s and the Team's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stadium, Inc.'s and the Team's internal control. Accordingly, we do not express an opinion on the effectiveness of Stadium, Inc.'s and the Team's internal control.

Our consideration of internal controls over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a significant deficiency over financial reporting that we consider to be a material weakness.

A control deficiency exists when the design of operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Stadium, Inc.'s or the Team's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Stadium, Inc.'s or the Team's financial statements that is more than inconsequential will not be prevented or detected in Stadium, Inc.'s or the Team's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Stadium, Inc.'s or the Team's internal control. We consider the following significant deficiency to be material weaknesses:

Financial Statement Preparation

The Team does not post monthly adjustments to account for investment transactions, depreciation, or inventory. To assure interim and annual financial presentations are properly stated, the team should post the respective adjustments monthly. In discussion with team management, subsequent to year-end, controls have been established going forward to post the above monthly adjustments. Proper oversight of the Board of Directors and respective Finance Committee should have disclosed this deficiency to management in order to ensure accurate and complete financial information is being used in their oversight capacity.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stadium, Inc.'s or the Team's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts and grant agreement 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.*

This report is intended solely for the information and use 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 specific parties.

Rea & Associates, Inc.

Mary Taylor, CPA
Auditor of State

FRANKLIN COUNTY STADIUM INC AND COLUMBUS BASEBALL TEAM INC

FRANKLIN 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 7, 2009

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