

**TOLEDO-LUCAS COUNTY CONVENTION  
AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF  
LUCAS, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.  
401 Jefferson Avenue  
Toledo, Ohio 43604

We have reviewed the *Independent Auditors' Report* of the Toledo-Lucas County Convention and Visitors Bureau, Inc., Lucas County, prepared by Weber O'Brien Ltd., for the audit period January 1, 2009 through December 31, 2009. 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 Toledo-Lucas County Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 7, 2010

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**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**

**AUDITED FINANCIAL STATEMENTS**

**TABLE OF CONTENTS**

<b>Independent Auditors' Report</b>	<b>1 -2</b>
<b>Management's Discussion and Analysis</b>	<b>3 - 7</b>
<b>Statement of Net Assets</b>	<b>8 - 9</b>
<b>Statement of Revenues, Expenses, and Changes in Net Assets</b>	<b>10</b>
<b>Statement of Cash Flows</b>	<b>11 - 12</b>
<b>Notes to the Financial Statements</b>	<b>13 - 24</b>
<b>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</b>	<b>25 - 26</b>



## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.  
Toledo, Ohio 43604

We have audited the accompanying statement of net assets of the Toledo-Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio, and of its discretely presented component unit, Destination Toledo Convention and Visitors Bureau (formerly the Greater Toledo Convention and Visitors Bureau), (collectively the "Organization") as of December 31, 2009, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements. These financial statements are the responsibility of the Organization's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit as of December 31, 2009, and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2010, on our consideration of the Organization's internal control over financial reporting and on 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 information on pages 3 - 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consist 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.

A handwritten signature in black ink that reads "Wade O'Brien" followed by a flourish.

May 25, 2010

**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2009**

The following Management Discussion and Analysis (MD&A) provides a summary overview of the financial performance of the Toledo Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio (herein referred to as the TLCCVB) and its discretely presented component unit, Destination Toledo Convention and Visitors Bureau (formerly the Greater Toledo Convention and Visitors Bureau, herein referred to as the DTCVB) (collectively called the Organization) for the year ended December 31, 2009. This information in the MD&A should be read in conjunction with the Organization's financial statements and corresponding notes to the financial statements.

**Financial Highlights**

- The Lucas County Arena, a multi-purpose 8,000 seat arena, was opened October 1, 2009 and is operated by the TLCCVB. The accompanying financial statements include all of the revenues and expenses attributable to the operation of the Arena.
- Assets exceeded liabilities for the Organization by \$2,562,155 as of December 31, 2009.
- Current assets increased by \$2,770,212 while current liabilities increased \$3,027,281 for the Organization over prior year.

**Overview of the Financial Statements**

The Organization's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). Under GASB Statement No. 14, the County of Lucas, Ohio is defined as a "primary government" and TLCCVB is considered a component unit of the primary government. TLCCVB is defined as a "primary government", the DTCVB is considered a discretely presented component unit of the primary government; both entities utilize enterprise fund accounting.

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

- Statements of Net Assets - This statement presents information on all the Organization's assets and liabilities, with the difference between the two reported as net assets.
- Statements of Revenues, Expenses, and Changes in Net Assets - This statement shows how the Organization's net assets have changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.



**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2009**

- Statements of Cash Flows – This statement reports cash and cash equivalent activities for the fiscal year resulting from operating, capital and related financing activities, and investing activities.
- The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

**Financial Analysis of the Organization's Net Assets and Revenues, Expenses and Changes in Net Assets**

The tables below provide a summary of the Organization's financial position and operations for 2009 and 2008, respectively. Certain amounts may vary slightly due to differences caused by rounding to thousands.

**Condensed Statements of Net Assets  
December 31,  
(Amounts in Thousands)**

	<u>TLCCVB</u>			<u>DTCVB</u>		
	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
Current Assets	\$4,095	\$1,599	\$2,496	\$1,520	\$1,244	\$276
Capital Assets, Net	<u>1,977</u>	<u>1,947</u>	<u>30</u>	<u>17</u>	<u>19</u>	( 2)
Total Assets	6,072	3,546	2,526	1,537	1,263	274
Current Liabilities	3,533	587	2,946	181	99	82
Long Term Liabilities, Net	<u>1,333</u>	<u>1,953</u>	( 620)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	4,866	2,540	2,326	181	99	82
Invested in Capital Assets	518	656	( 138)	-0-	-0-	-0-
Unrestricted	<u>688</u>	<u>350</u>	<u>338</u>	<u>1,356</u>	<u>1,164</u>	<u>192</u>
Total Net Assets	\$1,206	\$1,006	\$ 200	\$1,356	\$1,164	\$192

During 2009, net assets increased by \$200,000 for TLCCVB and by \$192,000 for DTCVB. The majority of this increase was due to the following:

- Cash has increased \$1,742,000 for TLCCVB and decreased \$440,000 for DTCVB from 2008. For TLCCVB, this is largely due to advance payments to deferred revenues related to the opening of the Lucas County Arena.
- Receivables increased by \$768,000 for the TLCCVB and \$715,000 for the DTCVB. For TLCCVB, this is largely due to accounts receivables for advertising and other revenue related to the Lucas County Arena as well as subsidies due from Lucas County. For DTCVB, this is largely due to contribution receivables as well as subsidies receivable from Lucas County.

**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2009**

- Current liabilities increased by \$2,946,000 for TLCCVB mainly due to deferred revenues associated with the Lucas County Arena.

The following table summarizes the changes in revenues and expenses for the Organization between 2009 and 2008:

**Condensed Statements of Revenues, Expenses, and Changes in Net Assets  
Years ended December 31  
(Amounts in Thousands)**

	<u>TLCCVB</u>			<u>DTCVB</u>		
	<u>2009</u>	<u>2008</u>	<u>Change</u>	<u>2009</u>	<u>2008</u>	<u>Change</u>
<b><u>Operating Revenues</u></b>						
Event Revenue	\$1,774	\$1,357	\$ 417	\$ -0-	\$ -0-	\$ -0-
Parking	449	570	( 121)	-0-	-0-	-0-
Lucas County Subsidy and State Grants	1,322	915	407	972	1,200	( 228)
Hotel/Motel Tax	-0-	77	( 77)	-0-	-0-	( -0-)
Other	<u>733</u>	<u>580</u>	<u>153</u>	<u>421</u>	<u>81</u>	<u>340</u>
Total Operating Revenue	4,278	3,499	779	1,393	1,281	112
<b><u>Operating Expenses</u></b>						
Payroll and benefits	1,874	2,041	( 167)	509	423	86
Contracted services	677	336	341	-0-	-0-	-0-
Marketing/Advertising	98	52	46	466	464	2
Utilities	530	531	( 1)	10	11	( 1)
Supplies	343	234	109	7	5	2
Insurance	84	119	( 35)	7	-0-	7
Other	<u>251</u>	<u>481</u>	<u>( 230)</u>	<u>210</u>	<u>293</u>	<u>( 83)</u>
Total Operating Expense	<u>3,857</u>	<u>3,794</u>	<u>63</u>	<u>1,209</u>	<u>1,196</u>	<u>13</u>
Operating Income (Loss) before Depreciation	421	( 295)	716	184	85	99
Depreciation	<u>131</u>	<u>579</u>	<u>( 448)</u>	<u>10</u>	<u>7</u>	<u>3</u>
Operating Income (Loss) after Depreciation	290	( 874)	1,164	174	78	96
<b><u>Non-Operating</u></b>						
Other	( 90)	( 3,265)	3,175	18	24	( 6)
Total Non-operating	( 90)	( 3,265)	3,175	18	24	( 6)
Net Change in Net Assets	\$ 200	(\$4,139)	\$4,339	\$ 192	\$ 102	\$ 90

**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2009**

Operating revenues include grants provided by the County to fund operations. The amount of grants received by TLCCVB and DTCVB from the County was \$1,322,000 and \$972,000, respectively, for the year ended December 31, 2009. The remaining revenues largely come from event revenues.

- Subsidies received from Lucas County and state grants were \$2,294,000 in 2009, an increase of \$179,000 from 2008. The increase relates to additional subsidy received in accordance with the opening of the Lucas County Arena off-set by less received by the other entities.
- TLCCVB sales increased by \$417,000 in 2009 due to the opening of the Lucas County Arena.
- Other income for the TLCCVB has increased \$153,000 due to ticketing and advertising revenue associated with the Arena.
- DTCVB's other income increased by \$340,000 due primarily to advertising and branding income for campaigns initiated in 2009.

Operating expenses

- Payroll and benefits decreased for the TLCCVB by \$167,000 due to fewer employees in 2009.
- Contracted services increased for the TLCCVB by \$476,000 due to the opening of the Lucas County Arena and many functions being outsourced.
- Other operating expenses decreased due to decreased legal and accounting fees for the TLCCVB of \$85,000 in 2009 due to additional legal fees incurred regarding the bond payoff transaction and the new arena project in 2008 as well as lower expenses for building rent, real estate taxes, and other miscellaneous expenses.

Non-Operating expenses

- Other expense decreased due to the significant loss on transfer of assets to Lucas County in the amount of \$2,594,000 and bond related costs of \$703,000 incurred in 2008.

**Capital Assets**

At the end of 2009, the TLCCVB had \$1,977,000 (net of accumulated depreciation) invested in capital assets. In 2009, all assets, with the exception of the building that were transferred to Lucas County in 2008 with the payoff of the bonds were transferred back to TLCCVB. The investment in capital assets includes turbines, chillers, and supporting furniture, fixtures, and equipment.

The investment in capital assets decreased by \$138,000 during 2009. Current year depreciation expense was \$131,000. Additions to capital assets were \$170,000.

**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2009**

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

**Debt Administration**

At December 31, 2009 the Organization had total long-term debt outstanding of \$1,333,000 compared to \$1,953,000 at December 31, 2008. A new loan was taken to finance the purchase of the chiller at the SeaGate Centre.

During 1996 the Organization issued Fixed Rate Special Revenue Bonds, refunding the Series 1988 and 1991 Demand Special Revenue Bonds that were outstanding. These Bonds were for the construction of the Convention Centre and its furniture and fixtures. Accrued interest from October 1985 through September 1991 on the 1991 Variable Rate Demand and Special Revenue Bond of \$753,000 still exists and is payable in October, 2010.

**Outstanding Debt at December 31,  
(In Thousands)**

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Note Payable to Bank	\$1,459	\$1,291	\$168
Notes Payable	<u>753</u>	<u>753</u>	<u>-0-</u>
Total Debt	\$2,212	\$2,044	\$168

**Economic Factors**

Economic factors have impacted the convention and travel industry nationwide. This is true in Toledo/Lucas County as well. Revenues resulting from hotel/motel usage decreased in 2001 after years of growth. Convention attendance, as well as bookings also decreased during this period of time. This caused a decline in event revenue. The good news was that over the past several years the hotel/motel market and booking began to improve. We are optimistic that in late 2010 and 2011 bookings will rebound. The opening of the Lucas County Arena has improved the sales of the TLCCVB.

**Contacting the Organization's Financial Management**

This financial report is designed to provide a general overview of the Organization's finance for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Finance Director, Toledo Lucas County Convention and Visitor's Bureau, Inc., 401 Jefferson Avenue, Toledo, Ohio 43604

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF NET ASSETS  
December 31, 2009

ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo Convention and Visitors Bureau</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,151,786	\$ 793,327
Accounts receivable		
Trade, net of allowance of \$1,083 and \$2,185 respectively	382,578	12,180
Advertising receivable	376,253	-0-
Contribution receivable	-0-	170,000
Prepaid expenses	30,235	-0-
Lucas County subsidy receivable	153,750	544,000
<b>Total Current Assets</b>	<b>4,094,602</b>	<b>1,519,507</b>
<b>CAPITAL ASSETS</b>		
Parking Rights	1,175,000	-0-
Depreciable Capital Assets		
Building & improvements	986,729	-0-
Furniture and fixtures	12,026	154,913
Machinery & equipment	131,177	-0-
Computer equipment	18,975	-0-
Other capital assets	2,683	-0-
Total depreciable capital assets	1,151,590	154,913
Accumulated depreciation and amortization	( 349,466)	( 137,551)
Net depreciable capital assets	802,124	17,362
<b>Total capital assets, net</b>	<b>1,977,124</b>	<b>17,362</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,071,726</b>	<b>\$ 1,536,869</b>

(Continued)

"The Accompanying Notes are an Integral  
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF NET ASSETS, CONTINUED  
December 31, 2009

**LIABILITIES AND NET ASSETS**

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo Convention and Visitors Bureau</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	\$ 446,502	\$ 124,896
Accounts payable - Lucas County	231,804	-0-
Current portion of long term liabilities	879,376	-0-
Accrued payroll and payroll taxes	230,497	29,704
Accrued real estate taxes and special assessments	53,160	-0-
Other accrued liabilities	39,943	-0-
Security deposits	64,462	-0-
Deferred revenue	<u>1,586,988</u>	<u>26,400</u>
<b>Total Current Liabilities</b>	<b>3,532,732</b>	<b>181,000</b>
<b>LONG TERM LIABILITIES</b>		
Notes payable to bank	1,458,753	-0-
Note payable - non-interest bearing	<u>753,331</u>	<u>-0-</u>
Subtotal	2,212,084	-0-
Less: Current portion	<u>( 879,376)</u>	<u>-0-</u>
<b>Net Long Term Liabilities</b>	<b><u>1,332,708</u></b>	<b><u>-0-</u></b>
<b>TOTAL LIABILITIES</b>	<b>4,865,440</b>	<b>181,000</b>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	518,370	-0-
Unrestricted	<u>687,916</u>	<u>1,355,869</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,206,286</u></b>	<b><u>\$ 1,355,869</u></b>

"The Accompanying Notes are an Integral  
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TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year Ended December 31, 2009

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo Convention and Visitors Bureau</u>
<b>OPERATING REVENUES</b>		
Event Revenue	\$ 1,774,501	\$ -0-
Parking, net of expenses of \$24,643	448,546	-0-
Gladieux subsidy	364,284	-0-
Lucas County subsidy	1,322,000	972,000
Membership dues	-0-	77,742
Earnings from sale of exclusive rights	25,000	-0-
Contributions	-0-	315,000
Other ticketing & advertising revenue	210,094	-0-
Other	134,375	28,542
	<hr/>	<hr/>
<b>Total Operating Revenues</b>	4,278,800	1,393,284
<b>OPERATING EXPENSES</b>		
Payroll and fringe benefits	1,874,430	508,641
Utilities	530,016	9,543
Supplies, maintenance and other	342,826	6,956
Contracted Services	676,585	11,950
Miscellaneous	71,588	43,937
Building and equipment rent	54,116	19,590
Insurance	83,787	6,530
Marketing and advertising	98,463	465,577
Legal and Accounting	52,153	19,975
Real estate taxes and special assessments	43,097	-0-
Travel and entertainment	21,893	31,053
Dues, memberships and subscriptions	4,162	20,290
Provision for losses on accounts receivable	2,096	-0-
Postage	2,452	20,667
Photography, printing and publications	-0-	44,139
	<hr/>	<hr/>
<b>Total Operating Expenses</b>	3,857,664	1,208,848
<b>Operating Income before Depreciation and Amortization</b>	421,136	184,436
Depreciation and Amortization	131,223	10,215
	<hr/>	<hr/>
<b>Operating Income</b>	289,913	174,221
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and finance costs	( 91,118)	-0-
Interest income	933	17,574
	<hr/>	<hr/>
<b>Net Nonoperating Revenues (Expenses)</b>	( 90,185)	17,574
<b>CHANGE IN NET ASSETS</b>	199,728	191,795
<b>NET ASSETS - BEGINNING</b>	<hr/> 1,006,558	<hr/> 1,164,074
<b>NET ASSETS - ENDING</b>	<hr/> \$ 1,206,286	<hr/> \$ 1,355,869

"The Accompanying Notes are an Integral  
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TOLEDO - LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2009

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo Convention and Visitors Bureau</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Cash Received from Customers, Contributions and Subsidies	\$ 5,052,162	\$ 674,386
Cash Payments to Suppliers for Goods and Services	( 1,424,518)	( 625,549)
Cash Payments to Employees for Services	( 1,847,695)	( 497,440)
<b>NET CASH PROVIDED (USED) BY OPERATIONS</b>	<b>1,779,949</b>	<b>(448,603)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	( 115,816)	( 8,846)
Proceeds from Long Term Debt	287,531	-0-
Repayment of Long Term Debt	( 119,699)	-0-
Interest paid	( 91,118)	-0-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>( 39,102)</b>	<b>( 8,846)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	933	17,574
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>933</b>	<b>17,574</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,741,780</b>	<b>( 439,875)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>1,410,006</b>	<b>1,233,202</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,151,786</b>	<b>\$ 793,327</b>

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:**

During 2009, assets previously transferred to Lucas County in connection with the payoff of the bonds in 2008, were transferred back to TLCCVB with the exception of the building. Capital assets with a net carrying value of \$45,312 were recorded as donated assets in January 2009 at the time of the transfer back.

**"The Accompanying Notes are an Integral  
Part of These Financial Statements"**



TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF CASH FLOWS, CONTINUED  
Year Ended December 31, 2009

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo Convention and Visitors Bureau</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Operating income	\$ 289,913	\$ 174,221
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	131,223	10,215
Donated Assets	( 45,312)	-0-
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	( 303,186)	( 2,848)
Lucas County subsidy receivable	( 153,750)	( 544,000)
Advertising receivable	( 376,253)	-0-
Contribution receivable	-0-	( 170,000)
Grant receivable	64,875	-0-
Inventory	43,691	-0-
Other assets and liabilities	( 28,856)	2,020
Security deposits	7,062	-0-
Accrued real estate taxes	( 24,471)	-0-
Accounts payable	581,738	72,638
Accrued payroll and payroll taxes	26,735	11,201
Deferred revenue	1,586,988	( 2,050)
Other accrued liabilities	( 20,448)	-0-
Total adjustments	<u>1,490,036</u>	<u>( 622,824)</u>
<b>NET CASH PROVIDED (USED) BY OPERATIONS</b>	<u>\$ 1,779,949</u>	<u>(\$ 448,603)</u>

"The Accompanying Notes are an Integral  
Part of These Financial Statements"

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Toledo-Lucas County Convention and Visitors Bureau, Inc. (TLCCVB) operates the SeaGate Centre (a convention and convocation center) and the Lucas County Arena (an arena) in the City of Toledo. The accompanying financial statements report all of the revenues and expenses of the SeaGate Centre and Lucas County Arena. The reporting entity is comprised of the TLCCVB and Destination Toledo Convention and Visitors Bureau (DTCVB, formerly known as the Greater Toledo Convention and Visitors Bureau), a component unit, which was established to encourage and promote the utilization of convention, restaurant, hotel, motel and entertainment facilities in Toledo and the surrounding areas. Upon the dissolution of DTCVB, any remaining assets after payment of all obligations will be distributed to the TLCCVB. The Lucas County Arena is an 8,000 plus seat multi-purpose arena owned by Lucas County which opened October 2009. TLCCVB and DTCVB are supported primarily through event revenues, private contributions, and Lucas County subsidies. Lucas County subsidies comprise 31% and 70% of the TLCCVB's and DTCVB's 2009 revenues, respectively.

For financial reporting purposes, the TLCCVB is a component unit of Lucas County as the County appoints the TLCCVB's Board of Trustees and the County is financially accountable for, and provides significant subsidies to, the TLCCVB and its component unit, the DTCVB.

TLCCVB is affiliated with DTCVB by virtue of being the sole member of DTCVB, as provided under DTCVB's code of regulations. Consequently, TLCCVB has controlling interest in DTCVB, and is responsible for appointing and removing DTCVB's Board of Trustees.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. Based on these criteria, TLCCVB is determined to be a component unit of Lucas County and DTCVB is determined to be a component unit of TLCCVB.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in single enterprise funds.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Basis of Accounting, Continued**

Enterprise funds are used to account for the costs of providing goods and services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the government intends to fully recover the cost of the goods or services provided. The Organization does not meet the above criteria; however, it qualifies for enterprise accounting under the transition rules of GASB 34 whereby it previously reported as a not-for-profit under the American Institute of CPAs not-for-profit model at the date of the GASB 34 statement.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Organization follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Organization also follows Financial Accounting Standards Board Statements and Interpretations, issued after November 30, 1989 that is developed for business enterprises, except those that conflict with or contradict GASB pronouncements.

**Measurement Focus**

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Organization are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the Organization finances and meets the cash flow needs of its enterprise activity.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles 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.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Substantially all cash is held at one financial institution.

**Accounts Receivable - Trade**

A reserve for uncollectible accounts is determined based on prior history and individual account status. An account is delinquent at 30 days past due and finance charges at a rate of 1.5% monthly or 18% annually are charged per the policy indicated on every invoice. A phone call is made first in an attempt to collect and notify the customer of the finance charges applied. If the account becomes between 60 and 90 days past due, it is sent to a collection agency. In the first phase, which can span another 90 days, 100% of the invoice can be collected. Approximately only half of the original invoice can be collected in the second phase. The third phase is to file suit against the customer.

**Capital Assets**

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Contributed assets are stated at fair value at the time of contribution. The TLCCVB and the DTCVB maintain a capitalization threshold of one thousand dollars.

During 2008 all capital assets of the TLCCVB, with the exception of those for which outstanding debt obligations were associated, were conveyed and transferred to Lucas County at the time of the payoff of the bonds payable. In 2009, all assets, with the exception of the building, were transferred back to TLCCVB. The assets were recorded at their net carrying value of \$45,312 at the time of the transfer.

Depreciation is recorded using the straight-line method over the estimated useful lives of the depreciable assets.

Intangible assets with an indefinite life are not amortized. If changes in factors and conditions result in the useful life of an intangible asset no longer being indefinite, the asset should be tested for impairment because a change in the expected duration of use of the asset has occurred. All other intangible assets are amortized over their estimated useful lives.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Revenues**

Lucas County provides subsidies to the TLCCVB and DTCVB to fund operations. The amount of subsidies received by TLCCVB and DTCVB from the County was \$1,322,000 and \$972,000, respectively, for the year ended December 31, 2009.

**Compensated Absences**

The Organization follows GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability be accrued if it is probable that the employee will be compensated through cash payment upon termination of employment.

**Deferred Revenue**

Income from membership dues and scheduled events is deferred and recognized over the periods to which the dues relate and scheduled events take place. Income from advance ticket sales is deferred until the event is held. Income from suite rentals received in advance is deferred over the term of the lease agreement. Preferred seating rights are deferred over the term of the agreement. Advertising income received in advance is deferred over the term of the agreement. These revenues are recognized monthly over the term of their agreements using the straight line method. Deferred Income represents the unearned portion of these contracts.

Donations from non-governmental entities are recognized when all applicable eligibility requirements are met.

**Income Taxes**

TLCCVB and DTCVB are both incorporated under the laws of the State of Ohio as not-for-profit corporations and are exempt from state and local income taxes. The Internal Revenue Service has determined TLCCVB and DTCVB to be exempt from federal income taxes under Section 501(c) (3) and Section 501 (c)(6), respectively, of the Internal Revenue Code. However, income from certain activities not directly related to their tax-exempt purpose may be subject to taxation as unrelated business income. TLCCVB and DTCVB believe that they have no liability for unrelated business income and, accordingly, no provision for income taxes has been included in the accompanying financial statements.

Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 740-10, *Income Taxes*, clarifies how tax benefits for uncertain tax positions are to be recognized, measured, and reported in financial statements and requires certain disclosures of uncertain tax matters.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Income Taxes, Continued**

This guidance is effective for non-public enterprises for fiscal years beginning after December 15, 2008. Management has adopted this guidance, and has determined the adoption to have no material effect on its financial statements

The Organization is no longer subject to income tax examinations by taxing authorities on income tax returns filed for years before January 1, 2006. The Organization's policy is to classify interest and penalties recognized in connection with income tax matters in interest expense and general and administrative expense, respectively. At December 31, 2009, the Organization did not have any unrecognized tax benefits.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. There were no restricted net assets as of December 31, 2009.

The Board of Trustees of the TLCCVB has designated unrestricted net assets aggregating \$409,671 for capital improvements and expansion, and future debt payments related to the outstanding interest of \$753,331 owed on the 1991 Variable Rate Demand and Special Revenue bonds. The amount designated for capital improvements and expansion was \$47,098 and the amount designated for repayment of the outstanding interest owed on the 1991 bonds was \$362,573. Such amounts are not restricted, and may be designated for other purposes or eliminated at the discretion of the Board. Unrestricted net assets at December 31, 2009 for TLCCVB and DTCVB are \$687,916 and \$1,355,869, respectively.

**Subsequent Events**

Management has evaluated events and transactions from December 31, 2009 through May 25, 2010 for possible recognition or disclosure in these financial statements. This date is the date these financials were available to be issued.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2009

**NOTE 2 - CASH AND INVESTMENTS**

Protection of TLCCVB and DTCVB's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. As a non-profit organization, there are no Ohio Revised Code statutory requirements regarding the investment of funds held by the Organization.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, TLCCVB and DTCVB will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2009, the carrying amount of TLCCVB and DTCVB's deposits were \$3,151,786 and \$793,327 respectively. At year end, \$1,709,642 of TLCCVB's bank balance of \$3,172,135 and \$550,958 of DTCVB's bank balance of \$800,958 was exposed to custodial credit risk because they were uninsured and collateralized by the financial institution's collateral pool.

Demand deposits are collateralized at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

**Investments**

In accordance with the investment policy of TLCCVB and DTCVB, authorized investments include: zero coupon treasury notes, zero coupon corporate bonds, certificates of deposit, sweep accounts and FDIC insured savings accounts with maturities less than one year. Neither entity had any investments as of December 31, 2009.

**NOTE 3 - PARKING RIGHTS**

During 2007, the Organization purchased the rights to a portion of the parking spaces in the garage for \$1,175,000. The Organization elected early implementation of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes standards of accounting and financial reporting for intangible assets. The parking rights purchased were recorded as a capital asset in accordance with this GASB Statement. As these rights have an indefinite life, they are not amortized.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2009

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2009 is as follows:

<u>TLCCVB</u>	Balance at January 1, 2009	<u>Additions</u>	<u>Dispositions</u>	Balance at December 31, 2009
Historical Cost:				
Parking Rights	\$1,175,000	\$ -0-	\$-0-	\$1,175,000
Depreciable Capital Assets				
Building & Improvements	986,729	-0-	-0-	986,729
Furniture and Fixtures	-0-	12,026	-0-	12,026
Machinery & Equipment	-0-	131,177	-0-	131,177
Computer Equipment	3,733	15,242	-0-	18,975
Other Capital Assets	<u>-0-</u>	<u>2,683</u>	<u>-0-</u>	<u>2,683</u>
Total Historical Cost	2,165,462	161,128	-0-	2,326,590
Accumulated Depreciation:				
Building	217,932	98,604	-0-	316,536
Furniture & Fixtures	-0-	7,810	-0-	7,810
Machinery & Equipment	-0-	18,359	-0-	18,359
Computer Equipment	311	5,750	-0-	6,061
Other Capital Assets	<u>-0-</u>	<u>700</u>	<u>-0-</u>	<u>700</u>
Total Accumulated Depreciation	<u>218,243</u>	<u>131,223</u>	<u>-0-</u>	<u>349,466</u>
Capital Assets, Net	<u>\$1,947,219</u>	<u>\$ 29,905</u>	<u>\$-0-</u>	<u>\$1,977,124</u>
Depreciation Expense Charged to Operating Activities		<u>\$131,223</u>		



TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2009

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, Continued**

<u>DTCVB</u>	Balance at January 1, 2009	<u>Additions</u>	<u>Dispositions</u>	Balance at December 31, 2009
Historical Cost:				
Furniture and Fixtures	\$146,068	\$ 8,845	\$-0-	\$154,913
Accumulated Depreciation:				
Furniture and Fixtures	<u>127,336</u>	<u>10,215</u>	<u>-0-</u>	<u>137,551</u>
Capital Assets, Net	<u>\$ 18,732</u>	<u>(\$ 1,370)</u>	<u>\$-0-</u>	<u>\$ 17,362</u>
Depreciation Expense Charged to Operating Activities		<u>\$10,215</u>		

**NOTE 5 -NOTES PAYABLE**

Notes outstanding at December 31, 2009 are as follows:

	Balance at December 31, 2008	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, 2009	Due Within <u>One Year</u>
Notes Payable to Bank	\$1,290,921	\$287,531	\$119,699	\$1,458,753	\$126,045
Note Payable	<u>753,331</u>	<u>-0-</u>	<u>-0-</u>	<u>753,331</u>	<u>753,331</u>
Total	<u>\$2,044,252</u>	<u>\$287,531</u>	<u>\$119,699</u>	<u>\$2,212,084</u>	<u>\$879,376</u>

During 1996 TLCCVB issued \$20,290,000 Fixed Rate Special Revenue Refunding Bonds Series 1996 and refunded the Series 1988 and 1991 Variable Rate Demand Special Revenue Bonds. Accrued interest from October 1985 through September 1991 of \$753,331 on the 1991 Variable Rate Demand and Special Revenue Bonds still exists and is payable in October 2010. It is reported in the financial statements as the note payable, non-interest bearing.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2009

**NOTE 5 - NOTES PAYABLE, Continued**

During 2005 TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of four turbines to generate electricity and reduce utility costs. The turbine project was partially funded by a State of Ohio Grant, with the balance being funded by a favorable interest rate loan, which was secured through Huntington Bank under a "linked deposit program" established by the Ohio Revised Code. The term of the loan is 80 months with payments of \$5,123 at an interest rate of 1.985%.

During 2007 TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of the Garage parking rights from a partner. The term of the loan is 6 years with payments of \$8,760 at an interest rate of 6.5% and a balloon payment at maturity for the remaining principal and interest. This loan is secured by certain real estate, assignment of rents, and a deposit account aggregating \$235,000.

During 2009 TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of a chiller to produce air conditioning and reduce utility costs. The chiller project was partially funded by a State of Ohio Grant, with the balance being funded by a favorable interest rate loan, which was secured through Huntington Bank under a "linked deposit program" established by the Ohio Revised Code. The term of the loan is 101 months with payments of \$3,337 at an interest rate of 3.50%.

Maturities of notes payable principal and interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 879,376	\$ 80,621
2011	89,705	76,218
2012	72,669	72,509
2013	76,500	68,679
2014	80,548	64,629
2015 and Thereafter	<u>1,013,286</u>	<u>422,192</u>
<b>Total</b>	<b><u>\$2,212,084</u></b>	<b><u>\$784,848</u></b>

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
**Year Ended December 31, 2009**

**NOTE 6 - RELATED PARTY TRANSACTIONS**

TLCCVB, under an operating lease agreement, leased the convention centre and arena from the Lucas County Commissioners for a nominal annual fee. The agreement commenced on February 1, 2009 and extends through January 31, 2039.

TLCCVB retains a law firm of which a partner is a Trustee of the TLCCVB. TLCCVB incurred fees from this firm amounting to \$131,486 in 2009.

The DTCVB reimburses TLCCVB for various personnel and administrative services provided. Total reimbursements for the year ended December 31, 2009 were \$55,706.

During 2009, the TLCCVB gave a contribution of \$50,000 to the DTCVB for their branding campaign.

During 2009, the DTCVB began leasing office space from TLCCVB on a month-to-month basis for \$750 per month. Total rental expense under the month-to-month lease was approximately \$9,000 for the year ended December 31, 2009.

During 2009, SMG, management company of TLCCVB, made a donation to TLCCVB in the amount of \$300,000 to be used to fund mutually agreed upon projects at the arena. In the event of the expiration or termination of TLCCVB's management agreement with SMG, the TLCCVB may be required to re-pay certain amounts of the grant to SMG.

**NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS**

TLCCVB and DTCVB both have defined contribution retirement plans for eligible employees, created under the authority of a resolution of the governing boards. TLCCVB hourly employees (Union) and DTCVB employee plans are administered by Emjay Retirement Plan Services. Under the provisions of the TLCCVB hourly employees' retirement plan and the DTCVB 401(k) plan, TLCCVB and DTCVB contribute an amount equal to 4% of its employees' gross salaries. In addition, TLCCVB and DTCVB make matching contributions at a rate of 75% of employee contributions up to a maximum of 1% of an employee's gross salary. Employees may elect to defer up to 20% of their compensation. TLCCVB has a retirement and savings plan for salaried employees under the SMG retirement and savings plan, which is administered by Fidelity. Contributions by TLCCVB are discretionary based on employees' deferral contribution on an annual basis. Employer contributions to these plans were \$29,895 for the year ended December 31, 2009.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2009

**NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS, continued**

TLCCVB participates in an industry-wide, defined contribution, multi-employer pension plan for its union stage employees that provides for pension benefits. Contributions are based on 6% of hours worked. Pension expense under the plan amounted to \$5,584. As of the date of this report, management is not aware of any unfunded pension expense or withdrawal liability.

**NOTE 8 - INSURANCE**

The Organization maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. There were no significant reductions in coverage from the prior year and settled claims were not in excess of coverage in any of the past three years. The Organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and injuries to employees.

The Organization also maintains Directors' and Officers' liability insurance with an aggregate limit of insurance of \$2,000,000.

**NOTE 9 - MANAGEMENT AGREEMENTS**

The TLCCVB entered into a management agreement with SMG during 2007. The contract term will run from January 1, 2008 for five years. The five year contract provides for an initial fixed fee of \$144,000 per year. Effective in 2009, the fixed fee was reduced to \$75,000 per year. The contract also contains an incentive whereby SMG will be paid a fee of 25% of the amount by which the gross operating revenues for each year exceed the prior year's gross revenues. The incentive fee percentage will increase to 35% once the increase in revenues exceeds \$250,000. Total fees paid to SMG were \$193,190 for the year ended December 31, 2009.

The TLCCVB entered into a management agreement late in 2001 with the Board of Lucas County Commissioners to manage Lucas County owned parking lots for an annual fee that increases 4% every year through 2011, with the fee to be received by March 1<sup>st</sup>. The fee is being paid to TLCCVB to cover all costs including labor, repair and maintenance, taxes and utilities of the lots. Management income for 2009 was \$92,115 and is included in parking revenue.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2009

**NOTE 9 - MANAGEMENT AGREEMENTS, Continued**

The parking receipts from these lots are to replace the receipts from the lots lost resulting from the construction of a new ballpark. Stated in the agreement is a clause that if net parking receipts are less than \$50,000 annually, then the owner will pay the balance up to \$50,000 to the TLCCVB. Conversely, if net parking receipts exceed \$50,000, the first \$15,000 will be kept by the manager for a restricted capital reserve account for the lots. Any excess over the \$15,000 will be allocated 40% to the TLCCVB and 60% to the owner. Net parking receipts to the Organization for 2009 under the above arrangement were \$53,016.

**NOTE 10 - CONTINGENCY**

The TLCCVB has been assessed real estate taxes in the amount of \$411,590, and has applied for an exemption of these taxes. While the final outcome cannot presently be determined, it is the opinion of management, after consultation with legal counsel, that it is more likely than not that the tax exemption will be granted and, accordingly, no amounts have been included in the accompanying financial statements for such assessed taxes.

**NOTE 11- ECONOMIC DEPENDENCY AND UNCERTAINTY**

The TLCCVB and the DTCVB are dependent on Lucas County to subsidize their operations. Amounts received from Lucas County by the TLCCVB and the DTCVB during 2009 were approximately \$1,168,000 and \$428,000, respectively. Lucas County is experiencing financial stress, and it is uncertain what amounts, if any, will be received from the County in the future.



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

To the Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.  
Toledo, Ohio

We have audited the accompanying statement of net assets of Toledo-Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio, and of its discretely presented component unit, Destination Toledo Convention and Visitors Bureau (formerly the Greater Toledo Convention and Visitors Bureau) (Collectively "Organization"), as of and for the year ended December 31, 2009 and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated May 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization'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 opining on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Organization in a separate letter dated May 25, 2010.

This report is intended solely for the information of and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature of William O'Brien, CPA.

May 25, 2010







**Mary Taylor, CPA**  
Auditor of State

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 20, 2010**