

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, 2010



Dave Yost • 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, 2010 through December 31, 2010. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

June 2, 2011

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TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.

AUDITED FINANCIAL STATEMENTS

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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 (collectively the "Organization") as of December 31, 2010, 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 as listed in the table of contents. 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 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 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, 2010, 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 of America.

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 12, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 7 be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



May 12, 2011

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, 2010

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 (collectively called the Organization) for the year ended December 31, 2010. 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 Huntington Center completed its first full year of operations.
- Assets exceeded liabilities for the Organization by \$1,850,434 as of December 31, 2010.
- Current assets and current liabilities decreased by \$1,112,582 and \$357,998, respectively, 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.
- 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.

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, 2010

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 2010 and 2009, 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>2010</u>	<u>2009</u>	<u>Change</u>	<u>2010</u>	<u>2009</u>	<u>Change</u>
Current Assets	\$3,955	\$4,095	(\$ 140)	\$546	\$1,520	(\$974)
Capital Assets, Net	<u>1,916</u>	<u>1,977</u>	<u>(61)</u>	<u>10</u>	<u>17</u>	<u>(7)</u>
Total Assets	5,871	6,072	(201)	556	1,537	(981)
Current Liabilities	3,301	3,533	(232)	55	181	(126)
Long Term Liabilities, Net	<u>1,221</u>	<u>1,333</u>	<u>(112)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	4,522	4,866	(344)	55	181	(126)
Invested in Capital Assets	626	518	108	-0-	-0-	-0-
Temporarily Restricted	43	-0-	43	-0-	-0-	-0-
Unrestricted	<u>680</u>	<u>688</u>	<u>(8)</u>	<u>501</u>	<u>1,356</u>	<u>(855)</u>
Total Net Assets	\$1,349	\$1,206	\$143	\$501	\$1,356	(\$855)

During 2010, net assets increased by \$143,391 for TLCCVB and decreased by \$855,112 for DTCVB. The majority of these changes were due to the following:

- Cash has increased by \$191,000 for TLCCVB and decreased by \$264,000 for DTCVB from 2009. For DTCVB, this is largely due to zero funds being provided by Lucas County.
- Receivables decreased by \$348,000 for TLCCVB and \$716,000 for DTCVB. For TLCCVB, this is largely due to accounts receivables being collected in a timely manner. For DTCVB, this is largely due to contribution receivables as well as subsidies receivable from Lucas County at year end in the prior year.
- Total liabilities decreased by \$343,000 for TLCCVB mainly due to decreases in accounts payable trade and payables to 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, 2010**

The following table summarizes the changes in revenues and expenses for the Organization between 2010 and 2009:

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

	<u>TLCCVB</u>			<u>DTCVB</u>		
	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>2010</u>	<u>2009</u>	<u>Change</u>
<u>Operating Revenues</u>						
Event Revenue	\$3,275	\$1,774	\$1,501	\$ -0-	\$ -0-	\$ -0-
Parking	499	449	50	-0-	-0-	-0-
Lucas County Subsidy	700	1,322	(622)	-0-	972	(972)
Other	<u>1,624</u>	<u>733</u>	<u>891</u>	<u>195</u>	<u>421</u>	<u>(226)</u>
Total Operating Revenue	6,098	4,278	1,820	195	1,393	(1,198)
<u>Operating Expenses</u>						
Payroll and benefits	2,444	1,874	570	431	509	(78)
Contracted services	1,187	677	510	11	-0-	11
Marketing/Advertising	44	98	(54)	418	466	(48)
Utilities	772	530	242	4	10	(6)
Supplies	820	343	477	5	7	(2)
Insurance	89	84	5	2	7	(5)
Other	<u>369</u>	<u>251</u>	<u>118</u>	<u>171</u>	<u>210</u>	<u>(39)</u>
Total Operating Expense	<u>5,725</u>	<u>3,857</u>	<u>1,868</u>	<u>1,042</u>	<u>1,209</u>	<u>(167)</u>
Operating Income (Loss) before Depreciation	373	421	(48)	(847)	184	(1,031)
Depreciation	<u>147</u>	<u>131</u>	<u>16</u>	<u>8</u>	<u>10</u>	<u>(2)</u>
Operating Income (Loss) after Depreciation	226	290	(64)	(855)	174	(1,029)
<u>Non-Operating</u>						
Other	(83)	(90)	7	-0-	18	(18)
Total Non-operating	<u>(83)</u>	<u>(90)</u>	<u>7</u>	<u>-0-</u>	<u>18</u>	<u>(18)</u>
Net Change in Net Assets	\$ 143	\$ 200	(\$ 57)	(\$855)	\$ 192	(\$1,047)

For TLCCVB, operating revenues include subsidies provided by the County to fund operations. The amount of grants received by TLCCVB was \$700,000 for the year ended December 31, 2010. The remaining revenues largely come from event revenues.

- TLCCVB event income increased by \$1,501,000 in 2010 due to the Huntington Center being operational for an entire year.
- Other income for the TLCCVB has increased \$891,000 due to ticketing and sponsorship revenue associated with the Arena.
- DTCVB did not receiving funding from Lucas County during 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, 2010**

- DTCVB's other income decreased by \$226,000 due primarily to advertising and branding income for campaigns initiated in 2009.

Operating expenses

- Payroll and benefits increased for the TLCCVB by \$570,000 due to the Huntington Center being operational for an entire year.
- Contracted services increased for the TLCCVB by \$510,000 due to the Huntington Center being operational for an entire year and many functions being outsourced.
- Supplies increased by \$477,000 due to the Huntington Center being operational for an entire year.

Capital Assets

At the end of 2010, the TLCCVB had \$1,916,000 (net of accumulated depreciation) invested in capital assets. The investment in capital assets decreased by \$61,000 during 2010. Current year depreciation expense was \$147,000. Additions to capital assets were \$86,000. 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, 2010 the Organization had total long-term debt outstanding of \$1,221,000 compared to \$1,333,000 at December 31, 2009. A loan was paid in full to Huntington Bank. The promissory note with Huntington Bank that financed the purchase of the Garage parking rights was refinanced in early 2011 to a lower interest rate and lower payment.

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 was payable in October, 2010 but was renegotiated subsequent to year end. The Director of Development of the State of Ohio forgave \$453,331 of the accrued interest on the 1991 Variable Rate Demand and Special Revenue Bonds in early 2011.

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, 2010

Outstanding Debt at December 31,
(In Thousands)

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Note Payable to Bank	\$1,290	\$1,459	(\$169)
Notes Payable	<u>753</u>	<u>753</u>	<u>-0-</u>
Total Debt	\$2,043	\$2,212	(\$169)

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, causing a decline in event revenue. The good news was that over the past several years the hotel/motel market and booking began to improve. Bookings did rebound in 2010 and we are optimistic that this trend will continue in 2011. The first full year of operations of the Huntington Center 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 VISTORS BUREAU, INC.
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO
STATEMENT OF NET ASSETS
December 31, 2010

ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo Convention and Visitors Bureau</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,342,565	\$ 529,309
Accounts receivable		
Trade, net of allowance of \$-0- and \$2,695 respectively	244,758	10,520
Advertising receivable	319,409	-0-
Prepaid expenses	48,806	6,160
Total Current Assets	3,955,538	545,989
CAPITAL ASSETS		
Parking Rights	1,175,000	-0-
Depreciable Capital Assets		
Building & improvements	1,019,321	-0-
Furniture and fixtures	64,582	154,913
Machinery & equipment	131,862	-0-
Computer equipment	18,975	-0-
Other capital assets	2,683	-0-
Total depreciable capital assets	1,237,423	154,913
Accumulated depreciation and amortization	(496,165)	(145,385)
Net depreciable capital assets	741,258	9,528
Total capital assets, net	1,916,258	9,528
TOTAL ASSETS	\$ 5,871,796	\$ 555,517

(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, 2010

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>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 333,595	\$ 13,921
Accounts payable - Lucas County	91,421	-0-
Current portion of long term liabilities	822,384	-0-
Accrued payroll and payroll taxes	250,858	17,218
Accrued real estate taxes and special assessments	49,755	-0-
Other accrued liabilities	4,054	-0-
Security deposits	59,778	-0-
Deferred revenue	<u>1,689,129</u>	<u>23,621</u>
Total Current Liabilities	3,300,974	54,760
LONG TERM LIABILITIES		
Notes payable to bank	1,290,198	-0-
Note payable - non-interest bearing	<u>753,331</u>	<u>-0-</u>
Subtotal	2,043,529	-0-
Less: Current portion	<u>(822,384)</u>	<u>-0-</u>
Net Long Term Liabilities	<u>1,221,145</u>	<u>-0-</u>
TOTAL LIABILITIES	4,522,119	54,760
NET ASSETS		
Invested in capital assets, net of related debt	626,060	-0-
Temporarily restricted funds	43,406	-0-
Unrestricted	<u>680,211</u>	<u>500,757</u>
TOTAL NET ASSETS	<u>\$ 1,349,677</u>	<u>\$ 500,757</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
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended December 31, 2010

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo Convention and Visitors Bureau</u>
OPERATING REVENUES		
Event Revenue	\$ 3,274,979	\$ -0-
Other ticketing & advertising revenue	852,872	-0-
Parking, net of expenses of \$22,027	499,372	-0-
Gladieux subsidy	602,381	-0-
Lucas County subsidy	700,000	-0-
Membership dues	-0-	77,573
Earnings from sale of exclusive rights	25,000	-0-
Other	<u>143,512</u>	<u>117,789</u>
Total Operating Revenues	6,098,116	195,362
OPERATING EXPENSES		
Payroll and fringe benefits	2,443,897	431,454
Utilities	772,148	4,030
Supplies, maintenance and other	819,782	4,501
Contracted Services	1,187,033	10,832
Miscellaneous	82,860	54,057
Building and equipment rent	94,339	14,305
Insurance	89,461	2,000
Marketing and advertising	44,336	417,944
Legal and Accounting	103,851	29,712
Real estate taxes and special assessments	47,028	-0-
Travel and entertainment	25,114	20,140
Dues, memberships and subscriptions	8,729	3,230
Provision for losses on accounts receivable	2,041	510
Postage	4,004	7,614
Photography, printing and publications	<u>-0-</u>	<u>42,311</u>
Total Operating Expenses	5,724,623	1,042,640
Operating Income (Loss) before Depreciation and Amortization	373,493	(847,278)
Depreciation and Amortization	<u>146,699</u>	<u>7,834</u>
Operating Income (Loss)	226,794	(855,112)
NONOPERATING REVENUES (EXPENSES)		
Interest and finance costs	(84,108)	-0-
Interest income	<u>705</u>	<u>-0-</u>
Net Nonoperating Revenues (Expenses)	(83,403)	-0-
CHANGE IN NET ASSETS	143,391	(855,112)
NET ASSETS - BEGINNING	<u>1,206,286</u>	<u>1,355,869</u>
NET ASSETS - ENDING	<u>\$ 1,349,677</u>	<u>\$ 500,757</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
STATEMENT OF CASH FLOWS
Year Ended December 31, 2010

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo Convention and Visitors Bureau</u>
CASH FLOWS FROM OPERATIONS		
Cash Received from Customers, Contributions and Subsidies	\$ 6,548,671	\$ 908,243
Cash Payments to Suppliers for Goods and Services	(3,596,565)	(728,321)
Cash Payments to Employees for Services	(2,423,536)	(443,940)
NET CASH PROVIDED BY (USED IN) OPERATIONS	528,570	(264,018)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(85,833)	-0-
Repayment of Long Term Debt	(168,555)	-0-
Interest paid	(84,108)	-0-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(338,496)	-0-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	705	-0-
NET CASH PROVIDED BY INVESTING ACTIVITIES	705	-0-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	190,779	(264,018)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,151,786	793,327
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,342,565</u>	<u>\$ 529,309</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
STATEMENT OF CASH FLOWS, CONTINUED
Year Ended December 31, 2010

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo Convention and Visitors Bureau</u>
CASH FLOWS FROM OPERATIONS		
Operating income (loss)	\$ 226,794	(\$ 855,112)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	146,699	7,834
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	137,820	1,660
Lucas County subsidy receivable	153,750	544,000
Advertising receivable	56,844	-0-
Contribution receivable	-0-	170,000
Other assets and liabilities	(18,571)	(6,160)
Security deposits	(4,684)	-0-
Accrued real estate taxes	(3,405)	-0-
Accounts payable	(253,290)	(110,975)
Accrued payroll and payroll taxes	20,361	(12,486)
Deferred revenue	102,141	(2,779)
Other accrued liabilities	(35,889)	-0-
Total adjustments	<u>301,776</u>	<u>591,094</u>
NET CASH PROVIDED BY (USED IN) OPERATIONS	<u>\$ 528,570</u>	<u>(\$ 264,018)</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, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Toledo-Lucas County Convention and Visitors Bureau, Inc. (TLCCVB) operates the SeaGate Centre (a convention center) and Huntington Center (an arena) in the City of Toledo. The accompanying financial statements of TLCCVB include all of the accounts of the SeaGate Centre and Huntington Center. The reporting entity is comprised of the TLCCVB and Destination Toledo Convention and Visitors Bureau (DTCVB), 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 Huntington Center 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.

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, 2010

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, 2010

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. 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. The Organization does not accrue interest on past due accounts.

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.

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.

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 \$700,000 and \$-0-, respectively, for the year ended December 31, 2010.

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, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. Sponsorship 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.

The Organization is no longer subject to examinations by taxing authorities on income tax returns filed for years before January 1, 2007. 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, 2010, the Organization did not have any unrecognized tax benefits.

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, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. Temporarily restricted assets as of December 31, 2010 are \$43,406.

The Board of Trustees of the TLCCVB has designated unrestricted net assets aggregating \$314,718 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 \$47,145 and the amount designated for repayment of the outstanding interest owed on the 1991 bonds was \$267,573. 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, 2010 for TLCCVB and DTCVB are \$680,211 and \$500,757, respectively.

Subsequent Events

Management has evaluated events and transactions from December 31, 2010 through May 12, 2011 for possible recognition or disclosure in these financial statements. This date is the date these financials were available to be issued. Note 12 includes the disclosure of subsequent events.

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.

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, 2010

NOTE 2 - CASH AND INVESTMENTS, Continued

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, 2010, the carrying amount of TLCCVB and DTCVB's deposits were \$3,342,565 and \$529,309 respectively. At year end, \$2,106,708 of TLCCVB's bank balance of \$3,494,517 and \$285,760 of DTCVB's bank balance of \$535,760 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, 2010.

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 parking rights purchased were recorded as a capital asset in accordance with 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. 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, 2010

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2010 is as follows:

<u>TLCCVB</u>	Balance at January 1, 2010	Additions	Dispositions	Balance at December 31, 2010
Historical Cost:				
Parking Rights	\$1,175,000	\$ -0-	\$-0-	\$1,175,000
Depreciable Capital Assets				
Building & Improvements	986,729	32,592	-0-	1,019,321
Furniture and Fixtures	12,026	52,556	-0-	64,582
Machinery & Equipment	131,177	685	-0-	131,862
Computer Equipment	18,975	-0-	-0-	18,975
Other Capital Assets	<u>2,683</u>	<u>-0-</u>	<u>-0-</u>	<u>2,683</u>
Total Historical Cost	2,326,590	85,833	-0-	2,412,423
Accumulated Depreciation:				
Building	316,536	101,176	-0-	417,712
Furniture & Fixtures	7,810	10,293	-0-	18,103
Machinery & Equipment	18,359	29,585	-0-	47,944
Computer Equipment	6,061	4,945	-0-	11,006
Other Capital Assets	<u>700</u>	<u>700</u>	<u>-0-</u>	<u>1,400</u>
Total Accumulated Depreciation	<u>349,466</u>	<u>146,699</u>	<u>-0-</u>	<u>496,165</u>
Capital Assets, Net	<u>\$1,977,124</u>	(\$ 60,866)	<u>\$-0-</u>	<u>\$1,916,258</u>
Depreciation Expense Charged to Operating Activities		<u>\$146,699</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, 2010

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, Continued

<u>DTCVB</u>	Balance at January 1, <u>2010</u>	<u>Additions</u>	<u>Dispositions</u>	Balance at December 31, <u>2010</u>
Historical Cost:				
Furniture and Fixtures	\$154,913	\$ -0-	\$-0-	\$154,913
Accumulated Depreciation:				
Furniture and Fixtures	<u>137,551</u>	<u>7,834</u>	<u>-0-</u>	<u>145,385</u>
Capital Assets, Net	<u>\$ 17,362</u>	<u>(\$7,834)</u>	<u>\$-0-</u>	<u>\$ 9,528</u>
Depreciation Expense Charged to Operating Activities		<u>\$7,834</u>		

NOTE 5 -NOTES PAYABLE

Notes outstanding at December 31, 2010 are as follows:

	Balance at December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2010</u>	Due Within <u>One Year</u>
Notes Payable to Bank	\$1,458,753	\$-0-	\$168,555	\$1,290,198	\$ 69,053
Note Payable	<u>753,331</u>	<u>-0-</u>	<u>-0-</u>	<u>753,331</u>	<u>753,331</u>
Total	<u>\$2,212,084</u>	<u>\$-0-</u>	<u>\$168,555</u>	<u>\$2,043,529</u>	<u>\$822,384</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 was payable in October 2010. Subsequent to year end, TLCCVB entered into a settlement agreement with the Director of Development of the State of Ohio to modify the repayment terms of the interest on the bonds (Note 12). 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, 2010

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 was 80 months with payments of \$5,123 at an interest rate of 1.985%. The loan was paid in full in 2010.

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 monthly payments of \$8,760 including interest at a 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 including interest at a rate of 3.50%.

Maturities of notes payable principal and interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 822,384	\$ 76,132
2012	72,669	72,509
2013	76,500	68,679
2014	80,549	64,629
2015	84,832	60,347
2016 and Thereafter	<u>906,595</u>	<u>361,911</u>
Total	<u>\$2,043,529</u>	<u>\$704,207</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, 2010

NOTE 6 - RELATED PARTY TRANSACTIONS

TLCCVB, under an operating lease agreement, leases 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 \$60,793 in 2010.

The DTCVB reimburses TLCCVB for various personnel and administrative services provided. Total reimbursements for the year ended December 31, 2010 were \$40,939.

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, 2010.

NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS

TLCCVB has a retirement and savings plan for hourly and 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 the plan were \$12,391 for the year ended December 31, 2010. DTCVB has a defined contribution retirement plans for eligible employees, created under the authority of a resolution of the governing board. The DTCVB employee plan is administered by Emjay Retirement Plan Services. Under the provisions of the DTCVB 401(k) plan, DTCVB contributes an amount equal to 4% of its employees' gross salaries. In addition, DTCVB makes 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. Employer contributions to the plan were \$12,368 for the year ended December 31, 2010.

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 \$12,368. As of the date of this report, management is not aware of any unfunded pension expense or withdrawal liability.

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, 2010

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 management agreements with SMG in 2007 and 2009 which expire in 2012 and 2014, respectively. The management agreements provide for a current annual fixed fee of \$229,500, with additional incentive compensation based on achieving predetermined revenue goals. Total fees paid to SMG were \$320,527 for the year ended December 31, 2010.

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 1st. 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 2010 was \$95,800 and is included in parking revenue.

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 2010 under the above arrangement were \$51,456.

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, 2010

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.

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 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 2010 were approximately \$700,000 and \$0, respectively. Lucas County is undergoing financial stress, and it is uncertain what amounts, if any, will be received from the County in the future.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent to year end, TLCCVB refinanced the promissory note with Huntington Bank that financed the purchase of the Garage parking rights (Note 5). Under the new terms of the refinanced loan, monthly payments are \$7,385 including interest at a rate of 5.50% with a balloon payment at maturity for the remaining principal and interest. The note is due in January 2016.

Subsequent to year end, the TLCCVB entered into a settlement agreement with the Director of Development of the State of Ohio for the repayment of the accrued interest of \$753,331 on the 1991 Variable Rate Demand and Special Revenue bonds (Note 5). Under the terms of the agreement, the State of Ohio forgave \$453,331 of the accrued interest. A non-interest bearing promissory note in the amount of \$300,000 was issued for the remaining balance due. The promissory note is to be paid by TLCCVB as follows: \$150,000 in 2011 and \$150,000 in 2012.



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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 (Collectively "Organization"), as of and for the year ended December 31, 2010 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 12, 2011. 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, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion 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, in the normal course of 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 a certain matter that we reported to management of the Organization in a separate letter dated May 12, 2011.

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

William O'Brien Ltd.

May 12, 2011



Dave Yost • 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
JUNE 14, 2011