CONVENTION AND VISITORS BUREAU OF GREATER CLEVELAND, INC.
DBA POSITIVELY CLEVELAND AND SPIRIT OF CLEVELAND, INC.
CUYAHOGA COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2012 & 2011

Dave Yost • Auditor of State

CONVENTION AND VISITORS BUREAU OF GREATER CLEVELAND, INC.
DBA POSITIVELY CLEVELAND AND SPIRIT OF CLEVELAND, INC.
CUYAHOGA COUNTY

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INDEPENDENT AUDITOR'S REPORT

Convention and Visitors Bureau of Greater Cleveland, Inc.
DBA Positively Cleveland and Spirit of Cleveland, Inc.
Cuyahoga County
334 Euclid Avenue
Cleveland, Ohio 44114

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying combined statement of financial position of the Convention and Visitors Bureau of Greater Cleveland, Inc. DBA Positively Cleveland and Spirit of Cleveland, Inc. (The Bureau), Cuyahoga County, Ohio, as of December 31, 2012 and 2011, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Bureau's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Bureau's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Convention and Visitors Bureau of Greater Cleveland, Inc DBA Positively Cleveland and Spirit of Cleveland, Inc., Cuyahoga County, Ohio, as of December 31, 2012 and 2011, and the respective changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted to opine on the Bureau's financial statements taken as a whole. The combining statement of financial position and combining statement of activities present additional analysis and are not a required part of the financial statements.

The combining statements are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the combined financial statements. We subjected these statements to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2013, on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bureau's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

May 29, 2013

COMBINED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012 AND 2011

ASSETS	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	$ 8,173,809	$ 5,237,557
Amounts due from Cuyahoga County	1,395,633	1,219,646
Accounts receivable	375,857	455,163
Prepaid expenses and other	522,377	335,760
	10,467,676	7,248,126
PROPERTY AND EQUIPMENT - AT COST		
Office furniture, equipment, and leasehold improvements	2,725,553	2,623,666
Less: Accumulated depreciation and amortization	623,689	371,999
	2,101,864	2,251,667
OTHER ASSETS	23,380	70,484
Investments	23,380	70,484
	$ 12,592,920	$ 9,570,277

LIABILITIES AND NET ASSETS	2012	2011
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 543,795	$ 61,562
Salaries and payroll taxes payable	73,422	70,259
Gateway Econcomic Development Corporation Liability	2,757,572	1,438,812
Deferred Revenue	18,110	10,000
Deferred Lease Incentive	41,460	41,460
Note Payable	47,708	114,500
	3,482,067	1,736,593
DEFERRED COMPENSATION PAYABLE	23,380	70,484
DEFERRED RENT	12,800	154,491
DEFERRED LEASE INCENTIVE	307,444	347,962
NOTE PAYABLE		57,250
	3,825,691	2,366,780
UNRESTRICTED NET ASSETS		
Unrestricted	5,529,644	7,203,497
Board restricted	3,237,585	
	8,767,229	7,203,497
	$ 12,592,920	$ 9,570,277

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

COMBINED STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
REVENUES		
Transient occupancy tax	$ 9,215,234	$ 7,985,043
Less: Gateway debt	1,318,762	1,449,091
Less: Conv Center / Med Mart debt	250,000	250,000
Net transient occupancy tax	7,646,472	6,285,952
Contribution		1,735,000
Membership	515,369	532,206
Ad and publication	309,275	235,462
Interest	15,555	12,815
Registration	3,286	15,128
Grant	5,000	23,506
Retail Sales	5,706	8,224
Cleveland Plus Marketing Alliance		
Advertising		25,000
Miscellaneous	17,949	135,712
In-kind contributions	27,768	40,287
	8,546,380	9,049,292
DEPARTMENTAL EXPENSES		
Administrative	743,744	904,930
Destination Development & Community Affairs	302,018	
Marketing	2,367,350	2,271,665
Partnership	855,248	888,507
Sales-convention	1,418,217	1,271,056
Services	546,438	495,541
Visitor Center	280,505	270,956
	6,513,520	6,102,655
OTHER EXPENSES		
Sponsorships	451,860	244,816
Project Grant	17,268	157,795
	469,128	402,611
	6,982,648	6,505,266
CHANGE IN UNRESTRICTED NET ASSETS	1,563,732	2,544,026
UNRESTRICTED NET ASSETS - BEGINNING OF THE YEAR	7,203,497	4,659,471
Less:BOARD RESTRICTED NET ASSETS	3,237,585	
UNRESTRICTED NET ASSETS - END OF THE YEAR	$ 5,529,644	$ 7,203,497

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

COMBINED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOW PROVIDED FROM (USED IN) OPERATING ACTIVITIES		
Change in net assets	$ 1,563,732	$ 2,544,026
Noncash items included in activities		
Depreciation and amortization	381,522	305,308
Deferred expenses	(32,408)	399,422
Deferred rent	(141,691)	25,969
Increase (decrease) in cash caused by changes in current items:		
Amounts due from Cuyahoga County	(175,987)	(147,132)
Accounts receivable	79,306	(289,916)
Prepaid expenses and other	(186,617)	(158,951)
Accounts payable and accrued expenses	482,233	(349,374)
Salaries and payroll taxes payable	3,163	(5,108)
Gateway Economic Development Corporation Liability	1,318,760	17,239
Note Payable	(124,042)	171,750
Net cash flow provided from operations	3,167,971	2,513,233
CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition of property and equipment	(235,919)	(2,304,993)
Disposal of property and equipment	4,200	48,286
	(231,719)	(2,256,707)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,936,252	256,526
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,237,557	4,981,031
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 8,173,809	$ 5,237,557
NONCASH INVESTING AND FINANCING ACTIVITY		
Unrealized gain (loss) and interest on investments held for deferred compensation	$ 2,650	$ (1,009)

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The accompanying combined financial statements of The Convention and Visitors Bureau of Greater Cleveland, Inc. DBA Positively Cleveland include the accounts of its related entity, Spirit of Cleveland, Inc., combined on the basis of common management and mission. The entities are collectively referred to as Positively Cleveland. All intercompany transactions and balances are eliminated in combination.

The purpose of The Convention and Visitors Bureau of Greater Cleveland, Inc. (CVB), a non-profit organization exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code, is to provide destination sales and marketing of Greater Cleveland's facilities, attractions, and events to the convention, trade show, and tourism industries. The Convention and Visitors Bureau of Greater Cleveland, Inc. takes an active part in servicing Greater Cleveland conventions, particularly in the matters of registration, housing, and public relations.

The purpose of Spirit of Cleveland, Inc., a non-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, is to promote the City of Cleveland and act as an educational and job training forum for the hospitality, tourism, and restaurant industries.

Revenue Recognition

A substantial portion of Positively Cleveland's revenue comes from the Transient Occupancy Tax, which is accounted for on the accrual basis based on reports from Cuyahoga County.

Revenue from partnership dues is recognized as revenue in the year to which it applies. Dues received in advance are recorded as deferred revenue.

All contributions are considered available for unrestricted use, unless received with donor stipulations that limit the use of the assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donations whose stipulations are met in the year received are recorded as unrestricted support.

Use of Accounting Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Goods and Services

Positively Cleveland has recorded contributed in-kind goods and services for travel and other expenses totaling $27,768 and $40,287 during 2012 and 2011, respectively. These in-kind goods and services have been included in revenues and expenses in the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Positively Cleveland considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. In addition, Positively Cleveland maintains cash at major financial institutions which may, at times, exceed federally insured amounts.

Receivables and Credit Policies

Accounts receivable includes program service fees receivable. These amounts are due under various payment terms. Payments of receivables are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining receivables based on historical collectability.

As of December 31, 2012 and 2011, management believes that all receivables are collectible and therefore no valuation allowance is necessary.

Property and Equipment

Property and equipment is stated at cost at date of acquisition. Minor items of office furniture, equipment, and leasehold improvements are charged to expense as incurred. Depreciation and amortization are computed by the straight-line method over the lesser of the estimated useful lives of individual assets or the life of the lease which range from three to ten years.

Certain leasehold improvements and office furniture and equipment were abandoned during 2011 as a result of an office move. The value of these assets was written off. The effect of this reduction amounted in a loss on these abandoned assets of $47,492 in 2011.

Investments

Investments at December 31, 2012 and 2011 are carried at fair value and consist of marketable debt and equity securities. Investments in securities with readily determinable fair values are reported at quoted market values and realized and unrealized gains and losses are reflected in the statement of activities. During 2012 and 2011, Positively Cleveland recognized $2,650 of unrealized gains and $1,009 of unrealized losses, respectively, on investments held for deferred compensation. Investments at December 31, 2012 and 2011, consist primarily of mutual funds.

Advertising

Advertising costs are expensed as incurred and amounted to $736,713 and $736,579 for 2012 and 2011, respectively.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Positively Cleveland accounts for uncertain tax positions in accordance with GAAP, which requires recognition of and disclosure related to uncertain tax positions. As of and during the years ended December 31, 2012 and 2011, Positively Cleveland did not have a liability for unrecognized tax benefits. Positively Cleveland is no longer subject to examination by federal and state taxing authorities prior to 2008.

Subsequent Events

Management has evaluated subsequent events through May 29, 2013, the date the financial statements were available to be issued.

2. PROPERTY AND EQUIPMENT

At December 31, 2012 and 2011, the cost of property and equipment consisted of the following:

	2012	2011
Leasehold improvements	$ 1,691,540	$ 1,557,474
Furniture and fixtures	400,753	608,110
Office equipment	242,523	210,137
Software	390,737	247,945
	$ 2,725,553	$ 2,623,666

3. AMOUNTS DUE FROM CUYAHOGA COUNTY

The amounts due from Cuyahoga County at December 31 of each year represent Positively Cleveland's unremitted share of that year's Transient Occupancy Taxes. The taxes are levied under state legislation enabling the County to impose the tax and enter into an agreement to remit a portion of the amounts collected to Positively Cleveland.

4. FAIR VALUE MEASUREMENTS

The various inputs that may be used to determine the fair value of Positively Cleveland's assets are summarized in three broad levels:

Level 1 Quoted prices in active markets for identical securities

Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)

Level 3 Significant unobservable inputs (including Positively Cleveland's own assumptions used to determine value)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis are comprised of the following at December 31, 2012:

Description	Level 1
Investments - Mutual funds	$ 23,380

Assets and liabilities measured at fair value on a recurring basis are comprised of the following at December 31, 2011:

Description	Level 1
Investments - Mutual funds	$ 70,484

Positively Cleveland did not hold any Level 3 assets during the year.

5. GATEWAY ECONOMIC DEVELOPMENT CORPORATION LIABILITY

Positively Cleveland entered into a Cooperative Agreement with Gateway Economic Development Corporation (Gateway) and the County of Cuyahoga (County). In that Cooperative Agreement, Positively Cleveland pledged two sources of revenue to help secure a loan from the County to Gateway to assist in financing the Arena Facility (Arena Bonds). The two sources of pledged revenues are: 1) the greater of $200,000 indexed annually, using 1998 as a base year (limited to a 3% annual increase) to the “incremental amount” Positively Cleveland receives from the County Transient Occupancy Tax or the previous year’s payment and 2) commencing in the year 2007, $1,200,000 annually. These pledged amounts may only be called upon in any year if Gateway’s net revenues in that year are insufficient to pay its obligation to the County for Arena Bond payments and its obligations higher in priority thereto. Positively Cleveland’s obligation is severable, distinct and non-cumulative for each year. According to the agreement, these amounts are payable in the year following the year in which they are incurred. The Cooperative Agreement will remain in effect until the year 2023 or such earlier time as the Arena Bonds are paid in full.

The liability for 2012 and 2011 related to this agreement has been included in the combined financial statements as of December 31, 2012 and 2011.

6. CONVENTION CENTER / MEDICAL MART (CC/MM) LIABILITY

Effective January 1, 2011, Cuyahoga County implemented a 1% increase to the Transient Occupancy Tax to support the CC/MM project. In December 2010, Positively Cleveland entered into an Agreement with the County in which Positively Cleveland agreed to allocate a portion of the revenue it receives from the existing Transient Occupancy Tax to further support the repayment of the County’s bonds related to the CC/MM project. This agreement went into effect beginning January 1, 2011, and continues through January 1, 2027.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

6. CONVENTION CENTER / MEDICAL MART (CC/MM) LIABILITY (Continued)

The maximum amounts of transient occupancy tax allocable to the CC/MM project each year are as follows:

2013	$ 500,000
2014	1,000,000
2015	1,000,000
2016	1,000,000
2017	1,000,000
Thereafter	10,750,000
	$ 15,250,000

Positively Cleveland's allocation of revenue under this agreement is subject to a "contribution credit" in years 2014 through 2027. The "contribution credit" allows for a reduction of Positively Cleveland's annual allocation of revenue based on the annual dollar amount of the 1% tax increase. In years 2014 through 2027, the "contribution credit" shall be calculated as follows:

- If the 1% tax increase generates greater than $3,000,000 but less than or equal to $3,500,000 of revenue, the contribution credit shall be calculated as 50% of revenue in excess of $3,000,000, capped at $250,000.
- If the 1% tax increase generates greater than $3,500,000 but less than or equal to $4,000,000 of revenue, the contribution credit shall be calculated as $250,000 plus 75% of revenue in excess of $3,500,000, capped at $625,000.
- If the 1% tax increase generates greater than $4,000,000 of revenue, the contribution credit shall be calculated as 100% of revenues in excess of $4,000,000, plus $625,000.

7. PENSION AND DEFERRED COMPENSATION PLANS

Positively Cleveland has a defined contribution pension plan, with a 401(k) provision, which covers all employees who meet certain criteria as to age and years of service. Positively Cleveland may make matching contributions of 25% of employee deferrals up to 4% of compensation. Positively Cleveland may also make discretionary contributions to the plan. Positively Cleveland's policy is to fund the plan annually. The provisions for pension costs are included in benefits and amounted to approximately $10,000 and $20,000 (including matching contributions) during 2012 and 2011, respectively.

Positively Cleveland also maintains a non-qualified deferred compensation plan for certain employees. Under the plan, the employees' elective deferral is invested for their benefit by Positively Cleveland. The employees are entitled to the amounts in the plan including earnings thereon upon retirement, disability, or death. The assets of the plan can, however, be used in certain circumstances to satisfy the liabilities of Positively Cleveland. The balance included in investments and in deferred compensation payable at December 31, 2012 and 2011, was $23,380 and $70,494, respectively.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

7. PENSION AND DEFERRED COMPENSATION PLANS (Continued)

Positively Cleveland had a qualified deferred compensation plan for certain key employees. Contributions made during 2011 amounted to $28,783. This plan was terminated in 2011 and therefore no balance in investments and in deferred compensation payable existed at December 31, 2011.

8. COMMITMENTS

Leases

Positively Cleveland had a fifteen-year sublease agreement which includes certain cancellable provisions, rent escalation clauses, and two five-year renewal options. Such sublease agreement included monthly base rent and certain facility and occupancy charges.

Positively Cleveland subleased its office space from Greater Cleveland Partnership Shared Services. As part of the sublease agreement, Positively Cleveland used property and equipment that it did not own or lease. Positively Cleveland paid an amount equal to a portion of the depreciation costs of this property and equipment.

In July 2011, Positively Cleveland’s fifteen year sublease was cancelled. As a result, Positively Cleveland’s information systems management and facility management were implemented and are being managed internally at a cost savings. These services are no longer shared with the landlord of the sublease.

On January 6, 2011, Positively Cleveland entered into a Letter of Agreement with Rock Ohio Caesars Cleveland, LLC (“ROC”) that provides for a lease termination fee to be paid to Positively Cleveland. The Letter of Agreement states that ROC has the desire to occupy Positively Cleveland’s subleased space for the purposes of building a casino. ROC agreed to reimburse Positively Cleveland for upfront moving costs incurred prior to the date of this agreement and any and all costs and expenses incurred by Positively Cleveland’s new landlord incurred in readying the new space for occupancy and the relocation by Positively Cleveland to the new space. The maximum amount available to be reimbursed to Positively Cleveland from ROC will be $1,735,000.

In July 2011, Positively Cleveland entered into a ten year lease agreement which includes certain cancellable provisions, rent escalation clauses, and two five year renewal options.

The future minimum rental commitments for non-cancelable operating leases for facilities are as follows:

2013	$ 280,131
2014	282,756
2015	285,381
2016	297,908
2017	307,606
Thereafter	1,070,476
	$ 2,524,258

A deferred rent liability was recorded upon the escalation of rent during the term of the old lease. This liability was written off in 2011 due to the office move.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

8. COMMITMENTS (Continued)

Leases (Continued)

Total rental expense for all leases amounted to approximately $169,000 and $40,000 during 2012 and 2011, respectively.

Employee Leasing Agreement

In January 2011, Positively Cleveland entered into an employee leasing agreement with the Greater Cleveland Sports Commission (Commission), extending through December 2013. The Commission's CEO and President shall provide executive services as required by Positively Cleveland consistent with the terms provided in the agreement. Either party may terminate this agreement with 30 days written notice, with or without reason.

9. NET ASSETS

At December 31, 2012 and 2011, unrestricted net assets consisted of the following:

	2012	2011
Positively Cleveland		
Unrestricted	$ 5,411,633	$ 7,085,490
Board restricted	3,237,585	
Spirit of Cleveland, Inc.	118,011	118,007
	$ 8,767,229	$ 7,203,497

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

ASSETS	Positively Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 7,968,400	$ 205,409		$ 8,173,809
Amounts due from Cuyahoga County	1,395,633			1,395,633
Accounts receivable	470,789	21,483	$ 116,415	375,857
Prepaid expenses and other	522,377			522,377
	10,357,199	226,892	116,415	10,467,676
PROPERTY AND EQUIPMENT - AT COST				
Office furniture, equipment, and leasehold improvements	2,725,553			2,725,553
Less: Accumulated depreciation and amortization	623,689			623,689
	2,101,864			2,101,864
OTHER ASSETS				
Investments	23,380			23,380
	$ 12,482,443	$ 226,892	$ 116,415	$ 12,592,920

LIABILITIES AND NET ASSETS	Positively Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 561,329	$ 98,881	$ 116,415	$ 543,795
Salaries and payroll taxes payable	73,422			73,422
Gateway Econcomic Development Corporation Liability	2,757,572			2,757,572
Deferred Revenue	8,110	10,000		18,110
Deferred Lease Incentive	41,460			41,460
Note Payable	47,708			47,708
	3,489,601	108,881	116,415	3,482,067
DEFERRED COMPENSATION PAYABLE	23,380			23,380
DEFERRED RENT	12,800			12,800
DEFERRED LEASE INCENTIVE	307,444			307,444
	3,833,225	108,881	116,415	3,825,691
UNRESTRICTED NET ASSETS				
Unrestricted	5,411,633	118,011		5,529,644
Board restricted	3,237,585			3,237,585
	8,649,218	118,011		8,767,229
	$ 12,482,443	$ 226,892	$ 116,415	$ 12,592,920

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012

	Positively Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
REVENUES				
Transient occupancy tax	$ 9,215,234			$ 9,215,234
Less: Gateway liability	1,318,762			1,318,762
Less: Med Mart / Conv Center	250,000			250,000
Net transient occupancy tax	7,646,472			7,646,472
Membership	515,369			515,369
Ad and publication	309,275			309,275
Interest	15,265	$ 290		15,555
Registration	3,286			3,286
Grant		5,000		5,000
Retail Sales	5,706			5,706
Miscellaneous	5,967	6,257	$ (5,725)	17,949
In-kind contributions	27,768			27,768
	8,529,108	11,547	(5,725)	8,546,380
DEPARTMENTAL EXPENSES				
Administrative	743,744			743,744
Destination Development & Community Affairs	302,018			302,018
Marketing	2,367,350			2,367,350
Partnerships	855,248			855,248
Sales-Convention	1,418,217			1,418,217
Services	546,438			546,438
Visitor Center	280,505			280,505
	6,513,520			6,513,520
OTHER EXPENSES				
Sponsorships	451,860			451,860
Project Grant		11,543	(5,725)	17,268
	451,860	11,543	(5,725)	469,128
	6,965,380	11,543	(5,725)	6,982,648
CHANGE IN UNRESTRICTED NET ASSETS	1,563,728	4		1,563,732
UNRESTRICTED NET ASSETS - BEGINNING OF THE YEAR	7,085,490	118,007		7,203,497
Less:BOARD RESTRICTED NET ASSETS	3,237,585			3,237,585
UNRESTRICTED NET ASSETS - END OF THE YEAR	$ 5,411,633	$ 118,011	$	$ 5,529,644

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Convention and Visitors Bureau of Greater Cleveland, Inc.
DBA Positively Cleveland and Spirit of Cleveland, Inc.
Cuyahoga County
334 Euclid Avenue
Cleveland, Ohio 44114

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the combined financial statements of the Convention and Visitors Bureau of Greater Cleveland, Inc. DBA Positively Cleveland and Spirit of Cleveland, Inc. (The Bureau), Cuyahoga County, Ohio, as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon dated May 29, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Bureau's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Bureau's internal control. Accordingly, we have not opined on it.

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 timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Bureau's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Bureau's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Bureau's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State

Columbus, Ohio

May 29, 2013

Dave Yost • Auditor of State

CONVENTION AND BUREAU OF GREATER CLEVELAND

CUYAHOGA 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 13, 2013

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