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

Audited Combined Financial Statements
December 31, 2007 and 2006

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

Mary Taylor, CPA
Auditor of State

Board of Trustees
Franklin County Stadium, Inc. and Columbus Baseball Team, Inc.
1155 West Mound Street
Columbus, Ohio 43223

We have reviewed the *Independent Auditor's Report* of the Franklin County Stadium, Inc. and Columbus Baseball Team, Inc., Franklin County, prepared by Rea & Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 9, 2008

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

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February 18, 2008

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying combined statement of financial position of Franklin County Stadium, Inc. (the "Stadium") and Columbus Baseball Team, Inc. (the "Team"), a component unit of Franklin County, Ohio, and the related combined statement of activities and combined statement of cash flows as of and for the years ended December 31, 2007 and 2006. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stadium and Team as of December 31, 2007 and 2006, and the results of their operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated February 18, 2008, on our consideration of the Stadium's and the Team's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

Franklin County Stadium and Columbus Baseball Team, Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2007

This narrative comparison is for the Columbus Clippers' 2007 audit as compared to the previous year. The 2007 season saw a decrease in paid attendance of roughly 2.3%. Season parking prices were maintained at last year's level, and showed a modest increase in parking receipts due to higher special event attendance. Daily ticket admission prices remained constant compared to prior year and showed a modest decrease due to the decline in attendance, however, this was offset with higher season ticket sales compared to last year. Concessions prices were permitted a small increase of 1%-2% that coincided with the raw material cost increase of the vendor. Souvenir income declined from last year due to the change in the parent club from the New York Yankees to the Washington Nationals. Advertising revenue also decreased with the anticipation and better marketing avenues of the new stadium. All other income categories were up slightly, however, overall revenue decreased roughly 3.5%.

Stadium and field repairs and maintenance expenses increased slightly in 2007, although the Team still tries to only maintain the Stadium to a minimum acceptable level due to the construction of a new stadium to be opened in 2009. The stadium celebrated its 75th birthday during the course of the 2007 calendar year. Utility costs were down slightly, as management aggressively controls this to the best of their ability. Insurance costs were up, and once again, this is an area that the team has very little control over with the continued increase in premiums and the baseball industry requirements throughout the country. Overall, team expenses were up slightly as a result of the International League and lodging expense increases.

The overall audit again indicates a status quo report for the most part. The team continues to utilize the interest from the investments held in reserve to balance the budget. These reserves started being used in 2005 for the planning of the new downtown ballpark, to be known as Huntington Park, scheduled to open in 2009. The team expended over $5.4 million in that area of its operations including sponsorship payments of $5.3 million to Franklin County. Part of the expected increase in the Team's numbers during 2008 will be fans and sponsors lining up to be able to participate in the new facility. The team continues to advise everyone that all ticket holders and sponsors of Cooper Stadium are first in line, on a seniority basis, when it comes to participating and securing tickets at the new downtown ballpark.

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

Summary of Net Assets (dollars are in thousands)

	2007	2006	Amount Change	% Change
Current and other assets	$ 11,062	$ 5,580	$ 5,482	98.24
Capital assets	1,420	1,779	(359)	(20.18)
Total assets	12,482	7,359	5,123	
Total liabilities	8,337	2,897	5,440	187.78
Net assets:				
Invested in capital assets	1,421	1,779	(358)	(20.12)
Unrestricted	2,724	2,683	41	1.53
Total net assets	$ 4,145	$ 4,462	$ (317)	

Management's Discussion and Analysis
For the Year Ended December 31, 2007

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

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

	2007	2006	Amount Change	% Change
Revenues:				
Operating	$ 3,919	$ 4,060	$ (141)	
Nonoperating	197	276	(79)	
Total revenues	4,116	4,336	(220)	(5.07)
Expenses:				
Operating	4,041	4,261	(220)	
Nonoperating	392	417	(25)	
Total expenses	4,433	4,678	(245)	(5.24)
Increase (decrease) in net assets	(317)	(342)	25	
Beginning net assets	4,462	4,804	(342)	(7.12)
Ending net assets	$ 4,145	$ 4,462	$ (317)	(7.10)

All the numbers are in line with the 8.7% decline in turn-style attendance. The team continues to watch their finances with great care and is staying in line with expected yearly expenses. Management has maintained stable ticket prices, and concessions have had minimal increases only when dictated by the cost of raw materials.

The Columbus Clippers completed their 31st season in 2007 of providing affordable, wholesome family entertainment for the citizens of Franklin County and Central Ohio. This has been accomplished with no subsidies while paying back both the loan for the franchise and the loan for improvements to the stadium. All capital expenditures since 1977 have been financed by the team. The two major factors impacting the success of the business operations continue to be the performance of the team on the field and the weather for home games; two factors where the business operations have little impact. The Columbus Clippers still stand as a model franchise in that they are the only team in minor league baseball, to our knowledge, that has paid off both the debt on its franchise and the debt on its facility improvements and own both completely free of debt. That is a significant achievement in this industry of professional sports.

COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

ASSETS

	2007	2006
CURRENT ASSETS:		
Cash and cash equivalents	$ 377,117	$ 844,775
Investments in marketable securities	1,742,403	1,358,720
Trade accounts receivable, net of allowance for doubtful accounts	108,288	43,229
Souvenir and equipment inventory	157,164	108,785
Prepaid expenses for Huntington Park	8,286,954	2,878,669
Other prepaid expenses	1,369	3,027
Total current assets	10,673,295	5,237,205
CASH SURRENDER VALUE OF LIFE INSURANCE	388,390	342,434
CAPITAL ASSETS, net	1,420,452	1,779,118
Total assets	$ 12,482,137	$ 7,358,757

LIABILITIES AND NET ASSETS

	2007	2006
CURRENT LIABILITIES:		
Accounts payable	$ 55,582	$ 48,377
Accrued expenses	18,040	22,157
Capital lease payable	8,842	16,359
Deferred revenue	487,665	359,046
Due to others	477,158	471,147
Total current liabilities	1,047,287	917,086
LONG TERM LIABILITIES:		
Unearned revenue, Huntington Park	7,290,000	1,980,000
Total liabilities	8,337,287	2,897,086
NET ASSETS:		
Investment in capital assets, net of related debt	1,420,452	1,779,118
Unrestricted	2,724,398	2,682,553
Total Net Assets	4,144,850	4,461,671
Total liabilities and net assets	$ 12,482,137	$ 7,358,757

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

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
REVENUES:		
Ticket sales	$ 1,431,717	$ 1,394,269
Concessions	838,865	908,550
Souvenirs	293,214	368,707
Parking	271,973	262,159
Special events	454,148	431,326
Advertising	426,083	510,683
Other	202,781	183,887
Total revenues	3,918,781	4,059,581
EXPENSES:		
Stadium	1,093,701	1,297,211
Payroll and related taxes	1,591,261	1,578,242
Team	470,675	455,648
Souvenirs	255,841	334,264
Advertising	204,074	218,273
Other	425,695	377,734
Total expenses	4,041,247	4,261,372
Loss before investment income and depreciation and amortization	(122,466)	(201,791)
INVESTMENT INCOME:		
Interest and dividends	34,703	30,154
Net realized and unrealized gains	163,075	246,264
Total investment income	197,778	276,418
Income before depreciation and amortization	75,312	74,627
DEPRECIATION AND AMORTIZATION EXPENSE	392,133	417,191
Net loss	(316,821)	(342,564)
NET ASSETS, beginning of year (restated)	4,461,671	4,804,235
NET ASSETS, end of year	$ 4,144,850	$ 4,461,671

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

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	3,982,341	4,079,340
Cash paid to suppliers	(2,504,298)	(2,594,568)
Cash paid to employees	(1,591,261)	(1,578,242)
Cash paid for Huntington Park expenses	(98,285)	(643,509)
Cash surrender value of life insurance	(29,266)	85,124
Net cash used in operations	(240,769)	(651,855)
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES:		
Principal payments under capital lease obligations	(7,517)	(11,786)
Payments for the purchase of capital assets	(31,470)	(92,335)
Net cash used by capital and relating financing activities	(38,987)	(104,121)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Income	34,703	30,154
Proceeds from the sale of investments	1,255,433	2,032,233
Purchase of investments in marketable securities	(1,478,038)	(805,862)
Net cash used in investing activities	(187,902)	1,256,525
Net increase (decrease) in cash and cash equivalents	(467,658)	500,549
Cash and cash equivalents at beginning of year	844,775	344,226
Cash and cash equivalents at end of year	377,117	844,775

	2007	2006
Reconciliation of net income before investment income to net cash used in operating activities:		
Net income before investment income	269,667	215,400
Adjustments to reconcile net income before investment income, to net cash used by operating activities:		
(Increase) decrease in current assets		
Trade accounts receivable	(65,059)	(33,787)
Souvenir and equipment inventory	(48,379)	40,907
Prepaid expense Huntington Park and other	(5,406,627)	(2,589,655)
(Increase) decrease in cash surrender value of life insurance, depreciation and amortization		
Cash surrender value of life insurance	(45,956)	85,124
Depreciation and amortization	(392,133)	(417,191)
Increase (decrease) in current liabilities		
Accounts payable	7,205	(28,340)
Accrued expenses	(4,117)	6,129
Deferred revenue	128,619	53,547
Due to others	6,011	36,011
Increase in long term liabilities		
Unearned revenue, Huntington Park	5,310,000	1,980,000
Total Adjustments	(510,436)	(867,255)
Net cash used in operating activities	(240,769)	(651,855)

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

FRANKLIN COUNTY STADIUM AND COLUMBUS BASEBALL TEAM, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Franklin County Stadium, Inc. (the "Stadium") and the Columbus Baseball Team, Inc. (the "Team") were organized by Franklin County, Ohio (the "County") as nonprofit Ohio corporations in accordance with Section 1702.01 of the Ohio Revised Code to manage, operate and promote a professional baseball team and such other forms of entertainment that benefit the general welfare of the County. Both corporations are directed by the Franklin County Board of Parks and Recreation (the Board) and are component units of the County.

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

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

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

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

FRANKLIN COUNTY STADIUM AND COLUMBUS BASEBALL TEAM, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	2007		2006	
	Team, Inc.	Stadium, Inc.	Team, Inc.	Stadium, Inc.
Invested in capital assets, net of related debt	$ 97,532	$ 1,322,920	$ 105,559	$ 1,673,559
Unrestricted	486,753	2,237,645	321,591	2,360,962
Total net assets:	584,285	3,560,565	427,150	4,034,521
Total combined net assets	$ 4,144,850		$ 4,461,671	

Budgetary Data
The Stadium and Team are not subject to annual budget requirements.

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

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

Investments in Marketable Securities
Investments in marketable securities are stated at fair value. The Stadium and Team pool all individual cash balances and investments in marketable securities for investment purposes. Investment income is allocated to the Stadium and Team based on the average investment balances in each entity.

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

FRANKLIN COUNTY STADIUM AND COLUMBUS BASEBALL TEAM, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade Accounts Receivable
Accounts receivable are carried at original invoice amount. Management determines the likelihood of collections by regularly evaluating receivables. Accounts receivable are written off when deemed uncollectible. There were no write offs of accounts receivable for the years ending December 31, 2007 and 2006.

Souvenir and Equipment Inventory
Inventories are stated at the lower of cost (first-in, first-out basis) or market. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed.

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

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

Advertising
Advertising costs are expensed as incurred. Advertising costs, net of reimbursements from sponsors were $204,074 and $218,273, for the years ending December 31, 2007 and 2006, respectively.

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

Reclassification of Financial Statement Presentation
Certain reclassifications have been made to the December 31, 2006 financial statements to conform to the December 31, 2007 financial statement presentation. Such reclassifications had no effect on net assets as previously reported.

NOTE 2: CASH AND INVESTMENTS

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

FRANKLIN COUNTY STADIUM AND COLUMBUS BASEBALL TEAM, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 2: CASH AND INVESTMENTS (Continued)

Custodial risk is the risk that, in the event of bank failure, the deposits of the component unit might not be recovered. The Stadium held a cash book balance of $377,112 and $844,775, for years ending December 31, 2007 and 2006, respectively. For the year ending December 31, 2007, the bank balances totaled $376,315, of which $167,015 were insured by FDIC. Remaining balances of $209,300 were in excess of FDIC insurance limits; however, these deposits were covered by a pledged collateral pool.

Investments: The following securities are authorized investments under the Stadium's policy:

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

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

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

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

As of December 31, the Stadium and Team had the following investments:

	2007		2006	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
Investments:				
Managed equity accounts	$ 1,742,403	81.77%	$1,358,720	79.87%
Cash surrender value of life insurance	388,390	18.23%	342,434	20.13%
Total investments	$ 2,130,793	100.00%	$1,701,154	100.00%

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

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

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

FRANKLIN COUNTY STADIUM AND COLUMBUS BASEBALL TEAM, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 3: RETIREMENT AND DEFERRED COMPENSATION

In connection with employment contracts between the Team and certain key employees, provisions have been made for deferred compensation which is payable upon retirement. These contracts have been accrued and have been recognized in the financial statements in the amount of $477,158 and $441,147, for December 31, 2007 and 2006, respectively.

The Team is the owner and beneficiary of life insurance policies aggregating $1,754,000 and $1,768,060, at December 31, 2007 and 2006, respectively, on the lives of those employees. The policies had an aggregate cash surrender value of $388,390 and $342,434, at December 31, 2007 and 2006 respectively.

The deferred compensation is to be paid to the individuals or their survivors over a period of ten years commencing with the first year following retirement from the Team. The Team records annual accruals for the cost of providing such benefits by recording an expense. The amount accrued was $36,011, for the years ended December 31, 2007 and 2006. The accruals increase each year based on a discount rate (7%) used in determining the liability that will be due when the employees are eligible for deferred compensation benefits.

NOTE 4: CAPITAL ASSETS

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

	2007	2006
Cost:		
Machinery and equipment	$ 1,159,336	$ 1,127,866
Leasehold improvements	4,452,537	4,452,538
Playing field	922,782	922,783
Total capital assets	6,534,655	6,503,187
Accumulated Depreciation:		
Machinery and equipment	(1,061,804)	(1,022,308)
Leasehold improvements	(3,223,729)	(2,965,368)
Playing field	(828,670)	(736,393)
Total accumulated depreciation	(5,114,203)	(4,724,069)
Total capital assets, net	$ 1,420,452	$ 1,779,118

Depreciation expense was $390,136 and $396,198 for the years ending December 31, 2007 and 2006, respectively.

NOTE 5: CONCESSIONS CONTRACT

On March 1, 2001 the Stadium entered into a contract with Sodexho Marriott to operate the concession stands. The original agreement was for a four-year period, but contains provisions for an annual review and analysis of operations. This contract was extended for 2007.

The concessions revenue consists of commissions received from Sodexho of $838,865 and $908,550, for the years ending December 31, 2007 and 2006, respectively.

FRANKLIN COUNTY STADIUM AND COLUMBUS BASEBALL TEAM, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 6: TRANSACTIONS WITH AFFILIATES

The Stadium leases Cooper Stadium from the Franklin County Commissioners (the "Commissioners") for a fee of $1.00 per year plus an amount to be jointly agreed upon by the Board and the Commissioners. Additional rent is based upon the availability of unexpended revenue and monies expended by the Stadium and Team for maintenance and improvements to Cooper Stadium. The lease expense was $1.00 for the years ended December 31, 2007 and 2006. The lease is for an indefinite term, but must be renewed each year. The Stadium subleases Cooper Stadium to the Team.

NOTE 7: PLAYER DEVELOPMENT CONTRACTS/BASEBALL AGREEMENT

In January 1999, the National Association of Professional Baseball Leagues (the "Minor Leagues") signed an agreement (the "baseball agreement") with the National League of Professional Baseball Clubs and the American League of Professional Baseball Clubs (collectively the "Major Leagues"), which is effective through September 30, 2008, subject to modification by either party after the 2003 season. The terms of the baseball agreement modified the Team's player development contract with the Major Leagues. Under the terms of the baseball agreement, the Major League Club is responsible for the players' hotel and travel costs, uniform and equipment cost and other partial costs are designated in the contract.

The baseball agreement requires payment from the Minor Leagues to the Major Leagues for maintenance of the player development contracts, in an amount equal to a percentage of the Minor League's Clubs' net championship season ticket revenue. In 2007, each Minor league team paid 5.0% of the net championship season ticket revenue.

As of October 1, 2006, a new contract was signed with the Washington Nationals Baseball Club, which will run through September 30, 2008.

NOTE 8: ACCOUNTABILITY AND COMPLIANCE

<u>Prior Period Adjustment</u>

The Team restated 2006 operating activities due to prior period adjustments. Player Development Contracts were understated $26,397 and accounts payable were overstated $53,245. This resulted in a reduction to the net loss on the Combined Statements of Revenues, Expenses and Changes in Net Assets of $79,642, at December 31, 2006.

FRANKLIN COUNTY STADIUM AND COLUMBUS BASEBALL TEAM, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 9: SPONSORSHIP AGREEMENTS

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

	Huntington National Bank	Nationwide Insurance	Dispatch Printing	Nationwide Realty
2008	$ 2,000,000	$ 400,000	$ 1,200,000	$ 360,000
2009	350,000	125,000	150,000	40,000
2010	350,000	125,000	150,000	40,000
2011	350,000	125,000	150,000	40,000
2012	350,000	125,000	150,000	40,000
2013-2028	5,600,000	2,000,000	2,400,000	640,000
Totals	$ 9,000,000	$ 2,900,000	$ 4,200,000	$ 1,160,000

	Time Warner	AEP	Sodexho	Mt. Carmel Health	Totals
2008	$ 500,000	$ -	$ 1,465,000	$ 160,000	$ 6,085,000
2009	375,000	125,000	425,000	167,000	1,757,000
2010	125,000	125,000	175,000	167,000	1,257,000
2011	125,000	125,000	175,000	167,000	1,257,000
2012	125,000	125,000	175,000	167,000	1,257,000
2013-2028	2,000,000	2,000,000	2,625,000	2,672,000	19,937,000
Totals	$ 3,250,000	$ 2,500,000	$ 5,040,000	$ 3,500,000	$ 31,550,000

An Agency Agreement between the Team as agent for the Stadium and the County was signed February 1, 2006. All amounts received by the Stadium related to the sponsorship agreements are immediately transferred to Franklin County for stadium construction. Prepaid expenses for Huntington Park include amounts related to the stadium construction project and sponsor revenue transferred to the County. The prepaid expenses will not be amortized until the related revenue is earned when the Team begins playing in the new stadium.

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

February 18, 2008

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the combined financial statements of the Franklin County Stadium, Inc. (the "Stadium") and Columbus Baseball Team, Inc. (the "Team") as of and for the year ended December 31, 2007, and have issued our report thereon dated February 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the combined financial statements of the Stadium and the Team as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States we considered the Stadium's and Team's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stadium's and Team's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stadium's and Team's internal control.

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

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

Franklin County Stadium and Columbus Baseball Team, Inc.
Independent Auditor's 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*
February 18, 2008

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

Financial Statement Preparation

The team does not post monthly adjustments to account for investment transactions, depreciation, or inventory. To assure interim and annual financial presentations are properly stated, the team should post the respective adjustments monthly. In discussion with team management, subsequent to year-end, controls have been established going forward to post the above monthly adjustments.

We noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Stadium and Team in a separate letter dated February 18, 2008.

Compliance and Other Matters

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

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

Rea & Associates, Inc.

Mary Taylor, CPA
Auditor of State

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

FRANKLIN COUNTY

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 22, 2008**

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