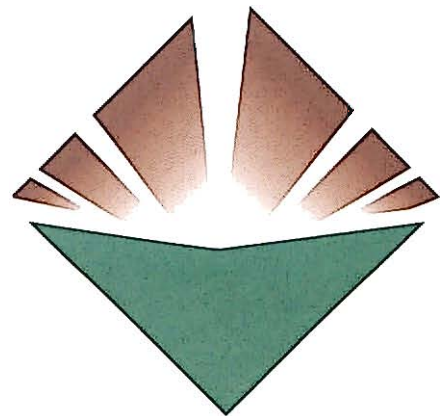


**Franklin County Stadium, Inc. and
Columbus Baseball Team, Inc.**
dba
The Columbus Clippers
Audited Combined Financial Statements

As of and for the Years Ended
December 31, 2009 and 2008



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.
dba The Columbus Clippers
330 Huntington Park Lane
Columbus, Ohio 43215

We have reviewed the *Independent Auditors' Report* of the Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. dba The Columbus Clippers prepared by Rea & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 23, 2010

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

April 25, 2010

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying combined statements of financial position of Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. (doing business as "The Columbus Clippers" and collectively referred to as the "Organization"), a component unit of Franklin County, Ohio, as of December 31, 2009 and 2008, and the related combined statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2010, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 4 is not a required part of the basic financial statements, but is 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, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

This narrative is for the Columbus Clippers 2009 audit. Usually this is a paragraph to compare year-to-year operations and expenditures, but there really is no way to realistically compare the last two seasons in as much as the 2008 season was the final season at Cooper Stadium and the 2009 season saw the debut of Huntington Park. Huntington Park debuted on April 18 to rave reviews in our community. The final paid attendance of 666,797 led all of minor league baseball (160 teams). Huntington Park was three times named the "Best Ballpark of 2009." All budget figures were attained and the season could honestly claim to be a financial and artistic success. The team was able to pay down three million dollars in March 2010 of the County's fifteen million dollar variable debt, and that represented one million dollars more than was expected for the first year of operation.

The team promised the fans that there would NOT be any sharp rises in pricing; and they kept that promise. Box seat pricing was raised \$2 for advance sales and then another \$3 for purchase at the gates last minute on day of game. Reserve seat pricing was raised \$3 for an adult from the old park but the old price of \$7 was held constant for kids and seniors. And most importantly, the general admission price of \$6 for adults and \$3 for kids and seniors did NOT change from the old ballpark. Concessions prices were permitted a small increase of 1%-2% that coincided with the raw material cost increase of the vendor. However, the new park and new location allowed for the introduction of many new food items which were very well received by our fans. Souvenir income increased with the planned change of uniforms and an updating of our logo which was planned and designed with the move to the new park. This new season at our beautiful new park also coincided with a change in our major league affiliation to the Cleveland Indians --- a very popular move in central Ohio.

Ballpark needs and maintenance increased substantially due to the massive need for new and improved equipment to handle the needs of the new facility. Utility costs were up considerably; even though management aggressively controls this to the best of their ability. Rising energy costs and unpredictable weather culminated in this additional expense. Insurance costs were fairly flat and consistent due to renegotiating premiums and the change in the baseball industry requirements throughout the country. Overall, team expenses remained level as a result of more travel being via bus instead of air travel.

The overall audit indicates a profitable year from an operations stand-point; however, expenses associated with the construction of the new ballpark and the decline in the securities market did continue to affect the bottom line. Reserves started being used in 2005 for the planning of Huntington Park. Since then, the team expended over \$4.9 million in that area of its operations including sponsorship payments of \$4.8 million to Franklin County.

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

In the last 33 years, valuation of franchises in Minor League Baseball has dramatically evolved, evidenced by confirmed sales figures. Before addressing the current valuation of the Clippers franchise, one must understand the answer to this question: What is a "franchise" within the structure and rules of Minor League Baseball? As dictated by the terms of the Constitution and By-Laws of the International League of Professional Baseball Clubs, Inc. (International League), the Triple-A league in which the Clippers hold membership, the franchise is actually "owned" by the International League. The members within the International League are vested with "rights of membership" that translate to exclusive operational rights and obligations to the International League, Minor League Baseball, and the Office of the Commissioner of Baseball. Since the Rules of Baseball confer each of the thirty Triple-A teams with the right to affiliate (through a standardized "Player Development Contract") with one of the thirty Major League Baseball organizations, the ownership of a Triple-A league membership exists and functions within a lawfully restricted and finite number of organizations -- just thirty. The same analysis applies to the Double-A level of teams within Minor League Baseball.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

In conclusion, the Columbus Clippers completed their 33rd season in 2009 of providing affordable, wholesome family entertainment for the citizens of Franklin County and Central Ohio. All capital expenditures since 1977 have been financed by the team. The two major factors impacting the success of the business operations continue to be the performance of the team on the field and the weather for home games; two factors where the business operations have little impact.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

The following table provides a summary of the Organization's net assets as of December 31:

Summary of Net Assets (Dollars are in Thousands)

	2009	2008	Amount Change	% Change
Current and other assets	\$ 16,792	\$ 16,399	\$ 393	2.4
Capital assets	2,460	1,044	1,416	135.6
Total assets	<u>19,252</u>	<u>17,443</u>	<u>1,809</u>	
Total liabilities	14,277	14,253	24	0.2
Net assets:				
Invested in capital assets	2,289	1,044	1,245	119.3
Unrestricted	2,686	2,146	540	25.2
Total net assets	<u>\$ 4,975</u>	<u>\$ 3,190</u>	<u>\$ 1,785</u>	

The following table provides a summary of the Organization's changes in net assets for the year ended December 31:

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

	2009	2008	Amount Change	% Change
Revenues:				
Operating	\$ 12,574	\$ 4,496	\$ 8,078	
Non-operating	(789)	(572)	(217)	
Total revenues	<u>11,785</u>	<u>3,924</u>	<u>7,861</u>	200.3
Expenses:				
Operating	9,750	4,497	5,253	
Non-operating	250	382	(132)	
Total expenses	<u>10,000</u>	<u>4,879</u>	<u>5,121</u>	105.0
Changes in net assets	1,785	(955)	2,740	
Net assets, beginning of the year	<u>3,190</u>	<u>4,145</u>	<u>(955)</u>	
Net assets, end of the year	<u>\$ 4,975</u>	<u>\$ 3,190</u>	<u>\$ 1,785</u>	56.0

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009 AND 2008

	<u>ASSETS</u>	
	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,198,758	\$ 1,740,717
Accounts receivable	7,906	14,043
Investments in marketable securities	3,107,666	923,333
Souvenir and equipment inventory	170,669	87,146
Current portion of prepaid rent expense	2,928,466	2,928,466
Other prepaid expenses	3,640	163,594
Total current assets	7,417,105	5,857,299
OTHER ASSETS:		
Prepaid rent expense, net of current portion	8,885,762	10,104,346
Cash surrender value of life insurance policies	489,008	436,710
Capital assets, net	2,459,706	1,044,285
Total assets	\$ 19,251,581	\$ 17,442,640
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 67,667	\$ 28,006
Accrued expenses	13,189	15,392
Current portion of capital lease obligations	107,616	-
Deferred ticket sales revenue	1,061,010	1,410,788
Current portion of deferred sponsorship revenue	2,002,500	2,267,500
Total current liabilities	3,251,982	3,721,686
LONG-TERM LIABILITIES:		
Capital lease obligations, net of current portion	63,480	-
Deferred compensation	549,180	513,169
Deferred sponsorship revenue, net of current portion	10,412,000	10,017,500
Total long-term liabilities	11,024,660	10,530,669
Total liabilities	14,276,642	14,252,355
NET ASSETS:		
Unrestricted	2,686,329	2,146,000
Investment in capital assets, net of related debt	2,288,610	1,044,285
Total net assets	4,974,939	3,190,285
Total liabilities and net assets	\$ 19,251,581	\$ 17,442,640

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

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
REVENUES:		
Ticket sales	\$ 4,732,498	\$ 1,735,996
Concessions	2,520,452	974,381
Souvenirs	652,348	403,921
Parking	184,056	293,021
Sponsorships and advertising	4,238,104	835,184
Special events	122,903	160,110
Other	123,995	93,167
Total revenues	12,574,356	4,495,780
EXPENSES:		
Stadium	4,672,273	928,073
Payroll and related taxes	2,784,507	1,934,766
Team	726,594	451,261
Souvenirs	414,988	454,002
Advertising	303,451	254,386
Other	848,624	474,679
Total expenses	9,750,437	4,497,167
Changes in net assets from operations	2,823,919	(1,387)
OTHER INCOME (EXPENSE):		
Interest and dividends	46,117	26,526
Net realized and unrealized gains (losses) on marketable securities	173,435	(597,609)
Loss on sale or disposal of capital assets	(1,008,635)	-
Total other income (expense)	(789,083)	(571,083)
Changes in net assets before depreciation expense	2,034,836	(572,470)
DEPRECIATION EXPENSE	250,182	382,095
Changes in net assets	1,784,654	(954,565)
NET ASSETS, beginning of year	3,190,285	4,144,850
NET ASSETS, end of year	\$ 4,974,939	\$ 3,190,285

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

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 11,520,677	\$ 5,513,348
Cash paid to suppliers	(5,748,866)	(2,595,104)
Cash paid to employees	(2,750,699)	(1,750,013)
Cash surrender value of life insurance	(52,298)	(29,266)
	2,968,814	1,138,965
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES:		
Payments for the purchase of capital assets	(1,412,488)	(5,928)
Proceeds from the sale of capital assets	2,500	-
Deposits for capital assets	-	(17,424)
Principal payments made on capital lease obligations	(136,004)	-
	(1,545,992)	(23,352)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Reinvested interest and dividends in marketable securities	-	26,526
Proceeds from the sale of investments in marketable securities	750,286	1,241,200
Purchase of investments in marketable securities	(2,715,067)	(1,019,739)
	(1,964,781)	247,987
Net increase (decrease) in cash and cash equivalents	(541,959)	1,363,600
CASH AND CASH EQUIVALENTS, beginning of the year	1,740,717	377,117
CASH AND CASH EQUIVALENTS, end of the year	\$ 1,198,758	\$ 1,740,717
Reconciliation of changes in net assets from operations to net cash provided by operating activities:		
Changes in net assets from operations	\$ 2,823,919	\$ (1,387)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Bad debt expense	27,388	-
Cash surrender value of life insurance	(52,298)	(48,321)
(Increase) decrease in operating assets:		
Accounts receivable	(21,251)	5,091
Souvenir and equipment inventory	(83,523)	70,018
Prepaid rent expense	1,218,584	(4,890,659)
Other prepaid expenses	14,954	-
Increase (decrease) in operating liabilities:		
Accounts payable	39,661	(27,575)
Accrued expenses	(2,203)	(11,490)
Deferred ticket sales revenue	(349,778)	1,012,277
Deferred sponsorship revenue	(682,650)	4,995,000
Deferred compensation	36,011	36,011
	144,895	1,140,352
Total adjustments	144,895	1,140,352
Net cash provided by operating activities	\$ 2,968,814	\$ 1,138,965

	<u>2009</u>	<u>2008</u>
SUMMARY OF NON-CASH TRANSACTIONS:		
During the year ended December 31, 2009, the Organization placed capital assets into service that were purchased in prior years and previously classified as other prepaid expenses.	<u>\$ 145,000</u>	<u>\$ -</u>
During the year ended December 31, 2009, the Organization received capital assets under a long-term concessions contract where the original receipt of capital assets was deferred and recognized as revenue over the term of the contract.	<u>\$ 812,150</u>	<u>\$ -</u>
During the year ended December 31, 2009, the Organization financed the purchase of capital assets by entering into various capital lease obligations.	<u>\$ 307,100</u>	<u>\$ -</u>

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

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Principles of Combination

The accompanying financial statements of the Ballpark and the Team (doing business as "The Columbus Clippers" and collectively referred to as the "Organization") include the results and balances of both entities. All significant inter-company accounts and transactions have been eliminated in combination.

Basis of Accounting

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In accordance with the standard, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Organization has elected to apply Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or after November 30, 1989.

Use of Management's Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Fund Accounting

The Organization's 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 Organization 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 ballpark are financed through user charges.

Revenue Recognition and Deferred Revenue

Receipts from ticket sales are deferred and recognized as revenue in the period in which the games are played. Concessions, souvenirs, parking, and special events fees are recognized as revenues as the products and services are provided to the customers. Receipts from sponsorships and advertising are deferred and recognized as revenue ratably over the sponsorship period.

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are carried at original invoice amount, less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by evaluating individual customer receivables and considering a customer's financial condition and credit history along with current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as income when received. Management has determined that all accounts are collectible and accordingly, an allowance was not necessary as of December 31, 2009 and 2008.

Investments in Marketable Securities

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value within the combined statements of financial position. Net realized and unrealized gains and losses are to be reported within the combined statements of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. The Organization pools all individual cash balances and investments in marketable securities for investment purposes.

The following securities are authorized under the Organization's investment policy:

- 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.
- Bonds, notes, debentures, or any other obligations or securities issued directly by any federal government agency or instrumentality.
- Money market mutual funds, provided that the investments are made only through eligible institutions.
- Common stocks in publicly traded companies in an equity account managed by certified and licensed professionals.

Fair Value Measurements

The Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under this framework are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2009 and 2008.

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the Organization at year end.

All of the Organization's financial instruments measured at fair value consist of assets which are valued using Level 1 inputs as of December 31, 2009 and 2008.

Souvenir and Equipment Inventory

Inventories are stated at the lower of cost (first-in, first-out basis) or market (determined as net realizable value). The cost of inventory is expensed at the time individual inventory items are consumed. For the years ended December 31, 2009 and 2008, souvenirs expense included giveaways of \$54,252 and \$213,323, respectively.

Prepaid Rent Expense

The terms of the operating lease agreement with the County (see Note 6) require the Organization to pay, as additional rent, a substantial portion of Huntington Park's construction and debt service requirements. These payments vary over the course of the lease term and, accordingly, rent expense is recognized on a straight-line basis. All advanced rent payments made prior to expense recognition are recorded as prepaid rent expense.

Cash Surrender Value of Life Insurance Policies

The Organization is the owner and beneficiary of life insurance policies on the lives of certain key employees aggregating \$1,754,000 as of December 31, 2009. The policies had an aggregate cash surrender value of \$489,008 and \$436,710 as of December 31, 2009 and 2008, respectively.

Capital Assets

Capital asset purchases are carried at the original cost, less accumulated depreciation. Depreciation is computed on the straight-line basis using the following estimated useful lives:

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

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Regular maintenance and repairs are expensed as incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. The Organization maintains a capitalization threshold of \$3,000. When capital assets are retired or otherwise disposed of, the assets and related allowances for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the combined statements of revenues, expenses, and changes in net assets.

Deferred Compensation

In connection with employment contracts between the Organization and certain key employees, provisions have been made for deferred compensation, which is payable upon retirement. Payments are made to the individuals or their survivors over a ten year period commencing the first year of retirement. The deferred compensation expense is recognized over the service period. Deferred compensation expense was \$36,011, for both the years ended December 31, 2009 and 2008. Total deferred compensation accrued based on terms of the employment contracts was \$549,180 and \$513,169 as of December 31, 2009 and 2008, respectively.

Net Assets

Net assets represent the difference between assets and liabilities on the combined statements of financial position. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used to build or acquire the capital assets. Net assets are reported as restricted in the combined financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations. There were no restricted net assets as of December 31, 2009 and 2008.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs, net of reimbursements from sponsors, was \$303,451 and \$254,386 for the years ended December 31, 2009 and 2008, respectively.

Income Taxes

The Organization is a combined component unit of the County and is 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.

Effective January 1, 2009, generally accepted accounting principles require the Organization to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of income. The Organization believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

Reclassifications of Prepaid Rent Expense

Current and long-term portions of prepaid rent expenses as of December 31, 2008 have been reclassified, with no effect on changes in net assets, to be consistent with the classifications adopted for the year ended December 31, 2009.

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization has evaluated subsequent events through April 25, 2010, the date on which the combined financial statements were available to be issued.

NOTE 2: RISKS AND UNCERTAINTIES

Uninsured Risk – Cash 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.

The Organization maintains its cash and cash equivalent balances in various financial institutions located in central Ohio. These balances are insured by the Federal Deposit Insurance Corporation (“FDIC”), up to a coverage limit. In October 2008, the limit on federal deposit insurance coverage was temporarily increased from \$100,000 to \$250,000, through December 31, 2009. In May 2009, the FDIC further extended this coverage limit through December 31, 2013. The FDIC also announced in October 2008 that it would provide an unlimited guarantee on deposits held in non-interest bearing transaction accounts at U.S. banks through the same period. The Organization’s cash and cash equivalent balances are in financial institutions that are participating in the extended guarantee programs. However, the Organization has both interest and non-interest bearing accounts. Therefore, from time to time, the Organization may have balances that exceed the insured limit.

Market Risk – Investments in Marketable Securities

The combined financial statements include investments in equity securities, corporate bonds and mutual funds. The underlying investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the inherent level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the combined financial statements.

NOTE 3: INVESTMENTS

Investments consisted of the following as of December 31:

	2009		2008	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
Managed equity accounts	\$ 3,107,666	86.4%	\$ 923,333	67.9%
Cash surrender value of life insurance policies	489,008	13.6%	436,710	32.1%
Total investments	\$ 3,596,674	100.0%	\$ 1,360,043	100.0%

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 4: CAPITAL ASSETS

Capital assets consisted of the following as of December 31, 2009:

	Beginning of the Year	Additions	Disposals	End of the Year
Machinery and equipment	\$ 1,165,264	2,580,368	(931,670)	\$ 2,813,962
Leasehold improvements	4,452,537	96,370	(4,403,428)	145,479
Playing field	922,782	-	(922,782)	-
Capital assets, at cost	6,540,583			2,959,441
Less: accumulated depreciation	(5,496,298)	(250,182)	5,246,745	(499,735)
Capital assets, net	<u>\$ 1,044,285</u>			<u>\$ 2,459,706</u>

Capital assets consisted of the following as of December 31, 2008:

	Beginning of the Year	Additions	Disposals	End of the Year
Machinery and equipment	\$ 1,159,336	5,928	-	\$ 1,165,264
Leasehold improvements	4,452,537	-	-	4,452,537
Playing field	922,782	-	-	922,782
Capital assets, at cost	6,534,655			6,540,583
Less: accumulated depreciation	(5,114,203)	(382,095)	-	(5,496,298)
Capital assets, net	<u>\$ 1,420,452</u>			<u>\$ 1,044,285</u>

Depreciation expense was \$250,182 and \$382,095 for the years ended December 31, 2009 and 2008, respectively.

NOTE 5: DEFERRED SPONSORSHIP REVENUE

Deferred sponsorship revenue consisted of the following as of December 31, 2009:

	Beginning of the Year	Receipts	Revenue Recognized	End of the Year
Deferred sponsorship revenue	\$ 12,285,000	3,172,750	(3,043,250)	\$ 12,414,500
Less: current portion	(2,267,500)			(2,002,500)
Long-term portion	<u>\$ 10,017,500</u>			<u>\$ 10,412,000</u>

Deferred sponsorship revenue consisted of the following as of December 31, 2008:

	Beginning of the Year	Receipts	Revenue Recognized	End of the Year
Deferred sponsorship revenue	\$ 7,290,000	4,995,000	-	\$ 12,285,000
Less: current portion	-			(2,267,500)
Long-term portion	<u>\$ 7,290,000</u>			<u>\$ 10,017,500</u>

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 6: LEASE OBLIGATIONS

Operating Lease

The Organization leases a ballpark ("Huntington Park") from the County under an operating lease agreement expiring in December 2033. The terms of the agreement require the Organization to pay an annual rent of \$1 along with additional rent consisting of all expenses incurred in managing and operating the ballpark and a substantial portion of Huntington Park's construction and debt service requirements. The Organization may renew the lease under similar terms upon 30 days written notice prior to the end of the lease term for two consecutive ten-year terms. Minimum annual rent payments vary between years as a result of the anticipated debt service payments. Accordingly, rent expense is recognized on a straight-line basis over the lease term.

Future rental payments for each of the next five years and in the aggregate under the non-cancelable operating lease obligation as of December 31, 2009 are as follows:

Years ended December 31,	Amount
2010	\$ 5,354,442
2011	5,377,563
2012	5,341,834
2013	5,255,853
2014	5,163,114
Thereafter	38,365,526
	\$ 64,858,332

Total rent expense was \$3,882,358 and \$350,150 for the years ended December 31, 2009 and 2008, respectively.

Capital Lease

The following is a summary of equipment held under capital lease obligations as of December 31:

	2009	2008
Equipment	\$ 307,100	\$ -
Less: accumulated depreciation	(23,550)	-
	\$ 283,550	\$ -

Minimum future lease payments under capital lease obligations as of December 31, 2009 for each year through expiration and in the aggregate are as follows:

Years ended December 31,	Amount
2010	\$ 116,643
2011	54,976
2012	11,580
Total	183,199
Less: amount representing interest	(12,103)
Present value of minimum future lease payments	\$ 171,096

FRANKLIN COUNTY STADIUM, INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 7: CONCESSIONS CONTRACT

On May 31, 2007, the Organization entered into a management agreement for concessions and catering with Sodexo Management, Inc. ("Sodexo") expiring in December 2028. The agreement grants Sodexo Management, Inc. the sole and exclusive right to prepare, present, sell, vend, and dispense all refreshments within and about Huntington Park. The Organization receives a percentage of Sodexo's concessions and catering revenue based on the terms of the agreement. Concessions revenue related to the agreement was \$2,520,452 and \$974,381 for the years ended December 31, 2009 and 2008, respectively.

The terms of the agreement also required Sodexo to provide a sponsorship of \$1,000,000 in the form of property and equipment which included the renovation of the concessions service operation. The Organization became the owner of the equipment and leasehold improvements upon purchase.

NOTE 8: PLAYER DEVELOPMENT CONTRACTS/BASEBALL AGREEMENT

On October 1, 2004, the National Association of Professional Baseball Leagues (the "Minor Leagues") signed an agreement (the "Baseball Agreement") with the National League of Professional Baseball Clubs and the American League of Professional Baseball Clubs (collectively the "Major Leagues"), which is effective through September 30, 2014, subject to modification by either party after September 30th of each season. The terms of the Baseball Agreement modified the Team's player development contract with the Major Leagues. Under the terms of the Baseball Agreement, the Minor League Club is responsible for the players' hotel and travel costs, uniform and equipment costs and other partial costs as 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 2008, each Minor League team paid 6.0% of the net championship season ticket revenue.

During October 2008, the Organization entered into a player development contract with the Cleveland Indians, expiring in September 2012.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

April 25, 2010

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

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

We have audited the combined financial statements of Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. (doing business as "The Columbus Clippers" and collectively referred to as the "Organization") as of and for the year ended December 31, 2009, and have issued our report thereon dated April 25, 2010. 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 opinion on the combined 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 controls 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, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below, that we consider to be material weaknesses in internal control over financial reporting:

Sponsorship Revenue Recognition

During the audit, it was discovered that accounting policies were not in place to recognize sponsorship revenues in accordance with generally accepted accounting principles. All sponsorship receipts relating to Huntington Park received prior to operation were properly deferred. However, revenue recognition policies were not in place to recognize the sponsorship revenues over the sponsorship period, beginning during the year ended December 31, 2009. During the audit, a listing of past and future sponsorship receipts was generated by management and proper accounting policies were applied. We recommend that the Organization use this schedule for determining future revenue recognition.

Lease Classification Determination

In accordance with generally accepted accounting principles, whenever the Organization enters into a lease agreement, a determination as to the classification of the lease (capital or operating) is required to be made based upon the lease terms. A determination of the classification of the ballpark lease had not been conducted by the Organization to determine proper classification. We recommend that the Organization adopt a policy to review all leases for proper classification upon the execution of the agreements.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined 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*.

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 those specific parties.

Rea & Associates, Inc.

Rea & Associates, Inc.



Mary Taylor, CPA
Auditor of State

**FRANKLIN COUNTY STADIUM INC. AND COLUMBUS BASEBALL TEAM, INC.
DBA THE COLUMBUS CLIPPERS**

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 6, 2010**