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

COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

Dave Yost · Auditor of State

Board of Trustees
The Convention and Visitors Bureau of Greater Cleveland, Inc.
DBA Positively Cleveland
334 Euclid Avenue
Cleveland, Ohio 44114

We have reviewed the *Independent Auditors' Report* of The Convention and Visitors Bureau of Greater Cleveland, Inc. (DBA Positively Cleveland), Cuyahoga County, prepared by Cohen & Company, for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Convention and Visitors Bureau of Greater Cleveland, Inc. is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

November 10, 2011

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

DECEMBER 31, 2010 AND 2009

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

Independent Auditors' Report

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. as of December 31, 2010 and 2009, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of these organizations' management. Our responsibility is to express an opinion on these combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of The Convention and Visitors Bureau of Greater Cleveland, Inc. and Spirit of Cleveland, Inc. as of December 31, 2010 and 2009, and the changes in their net assets and their 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 September 1, 2011, on our consideration of The Convention and Visitors Bureau of Greater Cleveland, Inc. and Spirit of Cleveland, Inc.'s internal control over financial reporting and on our tests of their 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 read in conjunction with this report in considering the results of our audit.

Our 2010 audit was performed for the purpose of forming an opinion on the basic combined financial statements of The Convention and Visitors Bureau of Greater Cleveland, Inc. and Spirit of Cleveland, Inc. taken as a whole. The accompanying information on pages 15 to 16 is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

Cohen & Company

September 1, 2011
Cleveland, Ohio

COMBINED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

ASSETS	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	$ 4,981,031	$ 3,869,058
Amounts due from Cuyahoga County	1,172,514	941,017
Accounts receivable	65,247	257,130
Note receivable		2,017
Prepaid expenses and other	176,809	211,966
	6,395,601	5,281,188
PROPERTY AND EQUIPMENT - AT COST		
Office furniture, equipment, and leasehold improvements	847,727	637,871
Less: Accumulated depreciation and amortization	547,459	305,773
	300,268	332,098
OTHER ASSETS		
Investments	270,072	241,614
	$ 6,965,941	$ 5,854,900

LIABILITIES AND NET ASSETS	2010	2009
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 410,936	$ 83,410
Salaries and payroll taxes payable	75,367	107,768
Deferred rent	128,522	
Gateway Economic Development Corporation Liability	1,421,573	1,413,925
	2,036,398	1,605,103
DEFERRED COMPENSATION PAYABLE	270,072	241,614
DEFERRED RENT		83,051
	2,306,470	1,929,768
COMMITMENTS		
UNRESTRICTED NET ASSETS	4,659,471	3,925,132
	$ 6,965,941	$ 5,854,900

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

COMBINED STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
REVENUES		
Transient occupancy tax	$ 7,516,360	$ 6,533,071
Less: Gateway liability	1,432,749	1,425,996
Net transient occupancy tax	6,083,611	5,107,075
Membership revenue	553,640	517,503
Ad and publication revenue	214,017	205,715
Interest income	17,823	27,480
Registration income	13,097	13,356
Event revenue	56,422	10,506
Visitor Information Centers	11,146	1,752
Cleveland Plus Marketing Alliance Advertising Revenue	50,000	150,000
Miscellaneous income	4,758	15,357
In-kind contributions	135,101	70,880
	7,139,615	6,119,624
DEPARTMENTAL EXPENSES		
Administrative	737,042	726,428
Business development	900,798	872,660
Marketing	2,364,469	2,423,572
Convention sales	1,349,873	1,464,964
Services	401,762	402,840
	5,753,944	5,890,464
OTHER EXPENSES		
Community fund/Marketing grants		28,500
Visitor Information Centers	402,026	246,221
Sponsorships	249,306	735,385
	651,332	1,010,106
	6,405,276	6,900,570
CHANGE IN UNRESTRICTED NET ASSETS	734,339	(780,946)
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	3,925,132	4,706,078
UNRESTRICTED NET ASSETS - END OF YEAR	$ 4,659,471	$ 3,925,132

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

COMBINED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOW PROVIDED FROM (USED IN) OPERATING ACTIVITIES		
Change in unrestricted net assets	$ 734,339	$ (780,946)
Noncash items included in activities		
Depreciation and amortization	241,686	98,575
Deferred compensation		55,782
Deferred rent	45,471	36,730
Collection of note receivable via in-kind services	2,017	32,500
Increase (decrease) in cash caused by changes in current items:		
Amounts due from Cuyahoga County	(231,497)	1,021,826
Accounts receivable	191,883	(78,534)
Prepaid expenses and other	35,157	447,990
Accounts payable and accrued expenses	327,526	(307,113)
Salaries and payroll taxes payable	(32,401)	(42,315)
Gateway Economic Development Corporation Liability	7,648	(1,424,206)
Net cash flow provided from (used in) operations	1,321,829	(939,711)
CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition of property and equipment	(209,856)	(56,699)
Acquisition of investments		(55,782)
	(209,856)	(112,481)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,111,973	(1,052,192)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,869,058	4,921,250
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,981,031	$ 3,869,058
NONCASH INVESTING AND FINANCING ACTIVITY		
Unrealized gain and interest on investments held for deferred compensation	$ 28,458	$ 40,654

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

Revenue from membership 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.

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.

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 $135,101 and $70,880 during 2010 and 2009, 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, 2010 and 2009, 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.

The useful lives of certain leasehold improvements were reduced to one year as of December 31, 2010. This reduction was a result of the anticipated abandonment of these improvements due to an office move scheduled in 2011. The effect of this reduction amounted to an increase of $144,000 in 2010 depreciation and amortization expense.

Investments

Investments at December 31, 2010 and 2009, 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 2010 and 2009, Positively Cleveland recognized $28,458 and $40,654 of unrealized gains, respectively, on investments held for deferred compensation. Investments at December 31, 2010 and 2009, consist primarily of mutual funds.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred and amounted to $735,027 and $872,475 for 2010 and 2009, respectively.

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, 2010 and 2009, 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 2007.

Subsequent Events

Management has evaluated subsequent events through September 1, 2011, the date the financial statements were available to be issued.

2. PROPERTY AND EQUIPMENT

At December 31, 2010 and 2009, the cost of property and equipment consisted of the following:

	2010			2009		
	CVB	Spirit of Cleveland	Total	CVB	Spirit of Cleveland	Total
Leasehold improvements		$ 241,111	$ 241,111		$ 241,111	$ 241,111
Office furniture and equipment	$ 601,643	4,973	606,616	$ 391,787	4,973	396,760
	$ 601,643	$ 246,084	$ 847,727	$ 391,787	$ 246,084	$ 637,871

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, 2010:

Description	Level 1
Investments - Mutual funds	$ 270,072

Assets and liabilities measured at fair value on a recurring basis are comprised of the following at December 31, 2009:

Description	Level 1
Investments - Mutual funds	$ 241,614

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

5. ACCRUED SEVERANCE

As of December 31, 2010, Positively Cleveland entered into a separation agreement and release with the President of the Organization. The accrued severance, including benefits, related to this agreement amounts to approximately $150,000 and has been accrued in the combined financial statements as of December 31, 2010.

6. 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 2010 and 2009 related to this agreement has been included in the combined financial statements as of December 31, 2010 and 2009.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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

Effective January 1, 2011, Cuyahoga County will implement a 1% increase to the Transient Occupancy Tax to support the MM/CC 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 MM/CC project. This agreement goes into effect beginning January 1, 2011, and continues through January 1, 2027.

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

2011	$ 250,000
2012	250,000
2013	500,000
2014	1,000,000
2015	1,000,000
Thereafter	12,750,000
	$ 15,750,000

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. If the contribution credit exceeds Positively Cleveland's annual allocation of revenue for any year under the contribution credit period, Positively Cleveland shall have no annual allocation requirement. 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.

8. 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 $46,000 and $41,000 (including matching contributions) during 2010 and 2009, respectively.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

8. PENSION AND DEFERRED COMPENSATION PLANS (Continued)

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, 2010 and 2009, was $71,493 and $64,296, respectively.

Positively Cleveland has a qualified deferred compensation plan for certain key employees. There were no contributions made during 2010. Contributions made during 2009 amounted to $55,782. Mutual funds which Positively Cleveland intends to use to fund this arrangement have been included in investments in the combined statement of financial position. Assets of the plan can be used in certain circumstances to satisfy liabilities of Positively Cleveland. The balance included in investments and in deferred compensation payable at December 31, 2010 and 2009, was $198,579 and $177,318, respectively.

9. COMMITMENTS

<u>Leases</u>

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 will no longer be shared with the landlord of the sublease. Instead, Positively Cleveland will be implementing these services and managing them internally and cost savings are expected by management.

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 agrees 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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

9. COMMITMENTS (Continued)

Leases (Continued)

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:

2011	$ 248,932
2012	277,506
2013	280,131
2014	282,756
2015	285,381
Thereafter	1,675,990
	$ 3,050,696

A deferred rent liability was recorded upon the escalation of rent during the term of the old lease. This liability is expected to be written off in 2011 due to the office move and, therefore, is included as a current liability.

Total rental expense for all leases amounted to approximately $287,000 and $254,000 during 2010 and 2009, 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.

10. NET ASSETS

At December 31, 2010 and 2009, unrestricted net assets consisted of the following:

	2010	2009
Positively Cleveland	$ 4,541,407	$ 3,630,546
Spirit of Cleveland, Inc.	118,064	294,586
	$ 4,659,471	$ 3,925,132

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Cohen & Company
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BOARD OF TRUSTEES
THE CONVENTION AND VISITORS BUREAU OF GREATER CLEVELAND, INC.
DBA POSITIVELY CLEVELAND AND SPIRIT OF CLEVELAND, INC.

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 The Convention and Visitors Bureau of Greater Cleveland, Inc. (DBA Positively Cleveland) and Spirit of Cleveland, Inc. (the Organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated September 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Organization in a separate letter dated September 1, 2011.

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

Cohen & Company

September 1, 2011
Cleveland, Ohio

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

ASSETS	Positively Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 4,916,659	$ 64,372		$ 4,981,031
Amounts due from Cuyahoga County	1,172,514			1,172,514
Accounts receivable	97,526	85,482	$ 117,761	65,247
Prepaid expenses and other	176,809			176,809
	6,363,508	149,854	117,761	6,395,601
PROPERTY AND EQUIPMENT - AT COST				
Office furniture, equipment, and leasehold improvements	601,643	246,084		847,727
Less: Accumulated depreciation and amortization	324,299	223,160		547,459
	277,344	22,924		300,268
OTHER ASSETS				
Investments	270,072			270,072
	$ 6,910,924	$ 172,778	$ 117,761	$ 6,965,941

LIABILITIES AND NET ASSETS	Positively Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 480,950	$ 47,747	$ 117,761	$ 410,936
Salaries and payroll taxes payable	68,400	6,967		75,367
Deferred rent	128,522			128,522
Gateway Econcomic Development Corporation Liability	1,421,573			1,421,573
	2,099,445	54,714	117,761	2,036,398
DEFERRED COMPENSATION PAYABLE	270,072			270,072
	2,369,517	54,714	117,761	2,306,470
UNRESTRICTED NET ASSETS	4,541,407	118,064		4,659,471
	$ 6,910,924	$ 172,778	$ 117,761	$ 6,965,941

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010

	Positively Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
REVENUES				
Transient occupancy tax	$ 7,516,360			$ 7,516,360
Less: Gateway liability	1,432,749			1,432,749
Net transient occupancy tax	6,083,611			6,083,611
Membership revenue	553,640			553,640
Ad and publication revenue	214,017			214,017
Interest income	17,474	$ 349		17,823
Registration income	13,097			13,097
Event revenue		56,422		56,422
Visitor Information Centers		11,146		11,146
Cleveland Plus Marketing Alliance Advertising Revenue	50,000			50,000
Miscellaneous income	4,405	203,347	$ (202,994)	4,758
In-kind contributions	118,281	16,820		135,101
	7,054,525	288,084	(202,994)	7,139,615
DEPARTMENTAL EXPENSES				
Administrative	737,042			737,042
Business development	900,798			900,798
Marketing	2,364,469			2,364,469
Convention sales	1,349,873			1,349,873
Services	401,762			401,762
	5,753,944			5,753,944
OTHER EXPENSES				
Visitor Information Centers	202,994	402,026	(202,994)	402,026
Sponsorships	186,726	62,580		249,306
	389,720	464,606	(202,994)	651,332
	6,143,664	464,606	(202,994)	6,405,276
CHANGE IN UNRESTRICTED NET ASSETS	910,861	(176,522)		734,339
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	3,630,546	294,586		3,925,132
UNRESTRICTED NET ASSETS - END OF YEAR	$ 4,541,407	$ 118,064	$	$ 4,659,471

Dave Yost • Auditor of State

CONVENTION AND VISITORS BUREAU OF GREATER CLEVELAND, INC.

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
NOVEMBER 29, 2011

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