



Dave Yost • Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Financial Position.....	3
Combined Statement of Activities.....	4
Combined Statement of Cash Flows.....	5
Notes to the Combined Financial Statements.....	6
Supplemental Financial Information	
Combining Statement of Financial Position.....	13
Combining Statement of Activities.....	14
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying combined statement of financial position of the Convention and Visitors Bureau of Greater Cleveland, Inc. DBA Positively Cleveland and Spirit of Cleveland, Inc. (The Bureau), Cuyahoga County, Ohio, as of December 31, 2011, and the related combined statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Bureau's management. Our responsibility is to express an opinion on these financial statements based on our audit. The basic financial statements of the Bureau as of and for the year ended December 31, 2010 were audited by other auditors whose report dated September 1, 2011, expressed an unqualified opinion on those statements.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. The other auditors audited the financial statements of The Bureau as of and for the year ended December 31, 2010 in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit, the 2011 combined financial statements referred to above present fairly, in all material respects, the respective financial position of The Convention and Visitors Bureau of Greater Cleveland, Inc DBA Positively Cleveland and Spirit of Cleveland, Inc., Cuyahoga County, Ohio, as of December 31, 2011, and the respective changes in its net assets and its cash flows for the year 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 November 30, 2012, on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Convention and Visitors Bureau of Greater Cleveland, Inc.
DBA Positively Cleveland and Spirit of Cleveland, Inc.
Cuyahoga County
Independent Accountants' Report
Page 2

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying combining statement of financial position and combining statement of activities are presented for purposes of additional analysis and are not a required part of the basis financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

November 30, 2012

COMBINED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

	2011	2010		2011	2010
ASSETS			LIABILITIES AND NET ASSETS		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 5,237,557	\$ 4,981,031	Accounts payable and accrued expenses	\$ 61,562	\$ 410,936
Amounts due from Cuyahoga County	1,219,646	1,172,514	Salaries and payroll taxes payable	70,259	75,367
Accounts receivable	455,163	65,247	Gateway Economic Development Corporation Liability	1,438,812	1,421,573
Prepaid expenses and other	<u>335,760</u>	<u>176,809</u>	Deferred Rent		128,522
	<u>7,248,126</u>	<u>6,395,601</u>	Deferred Revenue	10,000	
			Deferred Lease Incentive	41,460	
			Note Payable	<u>114,500</u>	
				1,736,593	2,036,398
PROPERTY AND EQUIPMENT - AT COST			DEFERRED COMPENSATION PAYABLE	70,484	270,072
Office furniture, equipment, and leasehold improvements	2,623,666	847,727	DEFERRED RENT	154,491	
Less: Accumulated depreciation and amortization	<u>371,999</u>	<u>547,459</u>	DEFERRED LEASE INCENTIVE	347,962	
	<u>2,251,667</u>	<u>300,268</u>	NOTE PAYABLE	<u>57,250</u>	
				<u>2,366,780</u>	<u>2,306,470</u>
OTHER ASSETS	<u>70,484</u>	<u>270,072</u>	UNRESTRICTED NET ASSETS	<u>7,203,497</u>	<u>4,659,471</u>
Investments	<u>70,484</u>	<u>270,072</u>		-	-
	<u>\$ 9,570,277</u>	<u>\$ 6,965,941</u>		<u>\$ 9,570,277</u>	<u>\$ 6,965,941</u>

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

COMBINED STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Transient occupancy tax	\$ 7,985,043	\$ 7,516,360
Less: Gateway liability	1,449,091	1,432,749
Less: Conv Center / Med Mart	250,000	
Net transient occupancy tax	<u>6,285,952</u>	<u>6,083,611</u>
Contribution	1,735,000	
Membership revenue	532,206	553,640
Ad and publication revenue	235,462	214,017
Interest income	12,815	17,823
Registration income	15,128	13,097
Event revenue	23,506	56,422
Visitor Information Center		11,146
Retail Sales	8,224	
Cleveland Plus Marketing Alliance		
Advertising Revenue	25,000	50,000
Miscellaneous income	135,712	4,758
In-kind contributions	40,287	135,101
	<u>9,049,292</u>	<u>7,139,615</u>
DEPARTMENTAL EXPENSES		
Administrative	904,930	737,042
Business development	888,507	900,798
Marketing	2,271,665	2,364,469
Convention sales	1,271,056	1,349,873
Services	495,541	401,762
Visitor Center	270,956	402,026
	<u>6,102,655</u>	<u>6,155,970</u>
OTHER EXPENSES		
Sponsorships	244,816	249,306
Fundraising	157,795	
	<u>402,611</u>	<u>249,306</u>
	<u>6,505,266</u>	<u>6,405,276</u>
CHANGE IN UNRESTRICTED NET ASSETS	2,544,026	734,339
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>4,659,471</u>	<u>3,925,132</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 7,203,497</u>	<u>\$ 4,659,471</u>

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

COMBINED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOW PROVIDED FROM (USED IN)		
OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ 2,544,026	\$ 734,339
Noncash items included in activities		
Depreciation and amortization	305,308	241,686
Deferred expenses	399,422	
Deferred rent	25,969	45,471
Collection of note receivable via in-kind services	-	2,017
Increase (decrease) in cash caused by		
changes in current items:		
Amounts due from Cuyahoga County	(147,132)	(231,497)
Accounts receivable	(289,916)	191,883
Prepaid expenses and other	(158,951)	35,157
Accounts payable and accrued expenses	(349,374)	327,526
Salaries and payroll taxes payable	(5,108)	(32,401)
Gateway Economic Development Corporation Liability	17,239	7,648
Note Payable	<u>171,750</u>	
Net cash flow provided from (used in) operations	<u>2,513,233</u>	<u>1,321,829</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition of property and equipment	(2,304,993)	(209,856)
Disposal of property and equipment	48,286	
Acquisition of investments		
	<u>(2,256,707)</u>	<u>(209,856)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	256,526	1,111,973
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,981,031</u>	<u>3,869,058</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,237,557</u>	<u>\$ 4,981,031</u>
NONCASH INVESTING AND FINANCING ACTIVITY		
Unrealized gain (loss) and interest on investments held for deferred compensation	<u>\$ 199,588</u>	<u>\$ 28,458</u>

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 \$40,287 and \$135,101 during 2011 and 2010, 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, 2011 and 2010, 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. Items over \$1,000 are capitalized. Minor items of office furniture, equipment, and leasehold improvements are charged to expense as incurred. Depreciation and amortization are computed by the straight-line method over the lesser of the estimated useful lives of individual assets or the life of the lease which range from three to ten years.

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

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 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, 2011 and 2010 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 2011 and 2010, Positively Cleveland recognized \$199,588 of unrealized losses and \$28,458 of unrealized gains, respectively, on investments held for deferred compensation. Investments at December 31, 2011 and 2010, 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 \$736,579 and \$735,027 for 2011 and 2010, 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, 2011 and 2010, Positively Cleveland did not have a liability for unrecognized tax benefits. Positively Cleveland is no longer subject to examination by federal and state taxing authorities prior to 2008.

Subsequent Events

Management has evaluated subsequent events through November 30, 2012, the date the financial statements were available to be issued.

2. PROPERTY AND EQUIPMENT

At December 31, 2011 and 2010, the cost of property and equipment consisted of the following:

	2011			2010		
	CVB	Spirit of Cleveland	Total	CVB	Spirit of Cleveland	Total
Leasehold improvements	\$1,557,474		\$1,557,474		\$241,111	\$ 241,111
Office furniture and equipment	<u>1,066,192</u>		<u>1,066,193</u>	<u>\$ 601,643</u>	<u>4,973</u>	<u>606,616</u>
	<u>\$2,623,666</u>		<u>\$2,623,666</u>	<u>\$ 601,643</u>	<u>\$ 246,084</u>	<u>\$ 847,727</u>

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, 2011:

<u>Description</u>	<u>Level 1</u>
Investments - Mutual funds	<u>\$ 70,484</u>

Assets and liabilities measured at fair value on a recurring basis are comprised of the following at December 31, 2010:

<u>Description</u>	<u>Level 1</u>
Investments - Mutual funds	<u>\$ 270,072</u>

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 amounted to approximately \$150,000 and was accrued in the combined financial statements as of December 31, 2010. During 2011 these amounts were paid in full and no liability related to this separation agreement existed as of December 31, 2011.

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 2011 and 2010 related to this agreement has been included in the combined financial statements as of December 31, 2011 and 2010.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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

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

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

2012	\$ 250,000
2013	500,000
2014	1,000,000
2015	1,000,000
2016	1,000,000
Thereafter	<u>11,750,000</u>
	<u>\$15,500,000</u>

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

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

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 \$20,000 and \$46,000 (including matching contributions) during 2011 and 2010, 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, 2011 and 2010, was \$70,494 and \$71,493, respectively.

Positively Cleveland has a qualified deferred compensation plan for certain key employees. Contributions made during 2011 amounted to \$28,783. There were no contributions made during 2010. 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, 2011 and 2010, was \$0.00 and \$198,579, respectively.

9. COMMITMENTS

Leases

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

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

In July 2011, Positively Cleveland's fifteen year sublease was cancelled. As a result, Positively Cleveland's information systems management and facility management 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 agreed to reimburse Positively Cleveland for upfront moving costs incurred prior to the date of this agreement and any and all costs and expenses incurred by Positively Cleveland's new landlord incurred in readying the new space for occupancy and the relocation by Positively Cleveland to the new space. The maximum amount available to be reimbursed to Positively Cleveland from ROC will be \$1,735,000.

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:

2012	\$ 277,506
2013	280,131
2014	282,756
2015	285,381
2016	297,908
Thereafter	<u>1,378,082</u>
	<u>\$2,801,764</u>

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

Total rental expense for all leases amounted to approximately \$40,000 and \$287,000 during 2011 and 2010, 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, 2011 and 2010, unrestricted net assets consisted of the following:

	<u>2011</u>	<u>2010</u>
Positively Cleveland	\$ 7,085,490	\$ 4,541,407
Spirit of Cleveland, Inc.	118,007	118,064
	<u>\$ 7,203,497</u>	<u>\$ 4,659,471</u>

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

	Positively Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total		Positively Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
ASSETS					LIABILITIES AND NET ASSETS				
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 5,211,769	\$ 25,788		\$ 5,237,557	Accounts payable and accrued expenses	\$ 257,253	\$ 99,703	\$ 295,394	61,562
Amounts due from Cuyahoga County	1,219,646			1,219,646	Salaries and payroll taxes payable	70,259			70,259
Accounts receivable	548,635	201,922	295,394	455,163	Gateway Economic Development Corporation Liability	1,438,812			1,438,812
Prepaid expenses and other	<u>335,760</u>			<u>335,760</u>	Deferred Revenue		10,000		10,000
	<u>7,315,810</u>	<u>227,710</u>	<u>295,394</u>	<u>7,248,126</u>	Deferred Lease Incentive	41,460			41,460
					Note Payable	<u>114,500</u>			<u>114,500</u>
						1,922,284	109,703	295,394	1,736,593
PROPERTY AND EQUIPMENT - AT COST					DEFERRED COMPENSATION PAYABLE	70,484			70,484
Office furniture, equipment, and leasehold improvements	2,623,666			2,623,666	DEFERRED RENT	154,491			154,491
Less: Accumulated depreciation and amortization	<u>371,999</u>			<u>371,999</u>	DEFERRED LEASE INCENTIVE	347,962			347,962
	<u>2,251,667</u>			<u>2,251,667</u>	NOTE PAYABLE	<u>57,250</u>			<u>57,250</u>
						<u>2,552,471</u>	<u>109,703</u>	<u>295,394</u>	<u>2,366,780</u>
OTHER ASSETS					UNRESTRICTED NET ASSETS	7,085,490	118,007		7,203,497
Investments	<u>70,484</u>			<u>70,484</u>		<u>\$ 9,637,961</u>	<u>\$ 227,710</u>	<u>\$ 295,394</u>	<u>\$ 9,570,277</u>
	<u>\$ 9,637,961</u>	<u>\$ 227,710</u>	<u>\$ 295,394</u>	<u>\$ 9,570,277</u>					

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

	Positively Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
REVENUES				
Transient occupancy tax	\$ 7,985,043			\$ 7,985,043
Less: Gateway liability	1,449,091			1,449,091
Less: Med Mart / Conv Center	250,000			250,000
Net transient occupancy tax	<u>6,285,952</u>			<u>6,285,952</u>
Contribution	1,735,000			1,735,000
Membership revenue	532,206			532,206
Ad and publication revenue	235,462			235,462
Interest income	12,348	467		12,815
Registration income	15,128			15,128
Event revenue		23,506		23,506
Retail Sales	8,224			8,224
Cleveland Plus Marketing Alliance				-
Advertising Revenue	25,000			25,000
Miscellaneous income	1,947	67,289	\$ (66,476)	135,712
In-kind contributions	40,287			40,287
	<u>8,891,554</u>	<u>91,262</u>	<u>(66,476)</u>	<u>9,049,292</u>
DEPARTMENTAL EXPENSES				
Administrative	904,930			904,930
Business development	888,507			888,507
Marketing	2,271,665			2,271,665
Convention sales	1,271,056			1,271,056
Services	495,541			495,541
Visitor Center	270,956			270,956
	<u>6,102,655</u>			<u>6,102,655</u>
OTHER EXPENSES				
Sponsorships	244,816			244,816
Fundraising		91,319	(66,476)	157,795
	<u>244,816</u>	<u>91,319</u>	<u>(66,476)</u>	<u>402,611</u>
	<u>6,347,471</u>	<u>91,319</u>	<u>(66,476)</u>	<u>6,505,266</u>
CHANGE IN UNRESTRICTED NET ASSETS				
	2,544,083	(57)		2,544,026
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR				
	<u>4,541,407</u>	<u>118,064</u>		<u>4,659,471</u>
UNRESTRICTED NET ASSETS - END OF YEAR				
	<u>\$ 7,085,490</u>	<u>\$ 118,007</u>	<u>\$</u>	<u>\$ 7,203,497</u>



Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited the combined financial statements of the Convention and Visitors Bureau of Greater Cleveland, Inc. DBA Positively Cleveland and Spirit of Cleveland, Inc. (The Bureau), Cuyahoga County, Ohio, as of and for the year ended December 31, 2011, and have issued our report thereon dated November 30, 2012, wherein we noted that other auditors audited the combined financial statements of the Bureau as of and for the year ended December 31, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bureau's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Bureau's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Bureau'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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Bureau's financial statements will not be prevented, or detected and timely corrected.

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 material weaknesses, as defined above.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Bureau's management in a separate letter dated November 30, 2012.

We intend this report solely for the information and use of management, the Executive committee, and others within the Bureau. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

November 30, 2012



Dave Yost • Auditor of State

GREATER CLEVELAND CONVENTION AND VISITORS BUREAU

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
DECEMBER 18, 2012**