



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

COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Convention and Visitors Bureau of Greater Cleveland, Inc.
DBA Positively Cleveland and Spirit of Cleveland, Inc.
100 Public Square
Suite 100
Cleveland, Ohio 44113

We have reviewed the *Independent Auditors' Report* of the Convention and Visitors Bureau of Greater Cleveland, Inc. DBA Positively Cleveland and Spirit of Cleveland, Inc., Cuyahoga County, prepared by Cohen & Company, 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 Convention and Visitors Bureau of Greater Cleveland, Inc. DBA Positively Cleveland and Spirit of Cleveland, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 15, 2010

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

DECEMBER 31, 2009 AND 2008

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BOARD OF TRUSTEES
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, 2009 and 2008, 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 audits 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, 2009 and 2008, 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 June 25, 2010, 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 2009 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 14 to 15 for The Convention and Visitors Bureau of Greater Cleveland, Inc. and Spirit of Cleveland, Inc. 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

June 25, 2010
Cleveland, Ohio

COMBINED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008*</u>		<u>2009</u>	<u>2008*</u>
ASSETS			LIABILITIES AND NET ASSETS		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 3,869,058	\$ 4,921,250	Accounts payable and accrued expenses	\$ 83,410	\$ 254,567
Amounts due from Cuyahoga County	941,017	1,962,843	Salaries and payroll taxes payable	107,768	150,083
Accounts receivable	257,130	178,596	Accrued pension		135,956
Note receivable	2,017		Gateway Economic Development Corporation Liability	<u>1,413,925</u>	<u>2,838,131</u>
Prepaid expenses and other	<u>211,966</u>	<u>659,956</u>		1,605,103	3,378,737
	<u>5,281,188</u>	<u>7,722,645</u>			
			DEFERRED COMPENSATION PAYABLE	241,614	145,178
PROPERTY AND EQUIPMENT - AT COST			DEFERRED RENT	<u>83,051</u>	<u>46,321</u>
Office furniture, equipment, and leasehold improvements	637,871	581,172		<u>1,929,768</u>	<u>3,570,236</u>
Less: Accumulated depreciation and amortization	<u>305,773</u>	<u>207,198</u>	COMMITMENTS		
	<u>332,098</u>	<u>373,974</u>			
OTHER ASSETS			UNRESTRICTED NET ASSETS		
Investments	241,614	145,178	Unrestricted	3,925,132	3,280,977
Note receivable	<u>241,614</u>	<u>34,517</u>	Board restricted	<u>3,925,132</u>	<u>1,425,101</u>
	<u>241,614</u>	<u>179,695</u>		<u>3,925,132</u>	<u>4,706,078</u>
	<u>\$ 5,854,900</u>	<u>\$ 8,276,314</u>		<u>\$ 5,854,900</u>	<u>\$ 8,276,314</u>

*Reclassified to conform with current year presentation

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

COMBINED STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2009 AND 2008*

	<u>2009</u>	<u>2008*</u>
REVENUES		
Transient occupancy tax	\$ 6,533,071	\$ 7,996,160
Less: Gateway liability	<u>(1,425,996)</u>	<u>(1,425,996)</u>
Net transient occupancy tax	5,107,075	6,570,164
Membership revenue	517,503	526,849
Ad and publication revenue	205,715	313,549
Interest income	27,480	92,530
Registration income	13,356	26,161
Event revenue	10,506	28,666
Visitor Information Centers	1,752	
Cleveland Plus Marketing Alliance Advertising Revenue	150,000	200,000
Miscellaneous income	15,357	6,905
In-kind contributions	<u>70,880</u>	<u>127,064</u>
	<u>6,119,624</u>	<u>7,891,888</u>
DEPARTMENTAL EXPENSES		
Administrative	726,428	768,584
Business development	872,660	762,450
Marketing	2,423,572	2,779,633
Convention sales	1,464,964	2,163,079
Services	<u>402,840</u>	<u>456,935</u>
	<u>5,890,464</u>	<u>6,930,681</u>
OTHER EXPENSES		
Community fund / Marketing grants	28,500	136,719
Visitor Information Centers	246,221	165,661
Sponsorships	<u>735,385</u>	<u>449,374</u>
	<u>1,010,106</u>	<u>751,754</u>
	<u>6,900,570</u>	<u>7,682,435</u>
CHANGE IN UNRESTRICTED NET ASSETS	(780,946)	209,453
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	4,706,078	4,496,625
LESS: BOARD RESTRICTED NET ASSETS	<u> </u>	<u>(1,425,101)</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 3,925,132</u>	<u>\$ 3,280,977</u>

*Reclassified to conform with current year presentation

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

COMBINED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008*</u>
CASH FLOW PROVIDED FROM (USED IN)		
OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ (780,946)	\$ 209,453
Noncash items included in activities		
Depreciation and amortization	98,575	88,355
Deferred compensation	55,782	27,000
Deferred rent	36,730	34,331
Collection of note receivable via in-kind services	32,500	72,500
Increase (decrease) in cash caused by		
changes in current items:		
Amounts due from Cuyahoga County	1,021,826	(830,134)
Accounts receivable	(78,534)	146,724
Prepaid expenses and other	447,990	(395,165)
Accounts payable and accrued expenses	(307,113)	(29,234)
Salaries and payroll taxes payable	(42,315)	(27,219)
Gateway Economic Development Corporation Liability	<u>(1,424,206)</u>	<u>1,425,996</u>
Net cash flow provided from (used in) operations	<u>(939,711)</u>	<u>722,607</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition of property and equipment	(56,699)	(168,239)
Acquisition of investments	<u>(55,782)</u>	<u>(27,000)</u>
	<u>(112,481)</u>	<u>(195,239)</u>
NET INCREASE (DECREASE) IN CASH AND CASH		
EQUIVALENTS	(1,052,192)	527,368
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,921,250</u>	<u>4,393,882</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,869,058</u>	<u>\$ 4,921,250</u>
NONCASH INVESTING AND FINANCING ACTIVITY		
Unrealized gain (loss) and interest on investments held for		
deferred compensation	<u>\$ 40,654</u>	<u>\$ (60,015)</u>

**Reclassified to conform with current year presentation*

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 known as the Organization. All intercompany transactions and balances are eliminated in combination.

The purpose of Positively Cleveland, 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. Positively Cleveland 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 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 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 in-kind goods and services for travel and other expenses totaling \$70,880 and \$127,064 during 2009 and 2008, 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.

In 2007, accounts receivable also included a receivable due from the Cleveland Cuyahoga County Convention Facilities Authority (CFA). The CFA was dissolved in October 2007. Upon dissolution, all outstanding CFA obligations were to be paid and any remaining funds were to be paid to Positively Cleveland. The total amount of the CFA's remaining funds was received by Positively Cleveland in 2008.

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, 2009 and 2008, 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.

Investments

Investments at December 31, 2009 and 2008, are carried at fair value and consist of marketable debt and equity securities. Investments in securities with readily determinable fair values are reported at published fair market values and realized and unrealized gains and losses are reflected in the statement of activities. During 2009 and 2008, Positively Cleveland recognized \$40,654 of unrealized gains and \$60,015 of unrealized losses, respectively, on investments held for deferred compensation. Investments at December 31, 2009 and 2008, consist primarily of mutual funds.

Advertising

Advertising costs are expensed as incurred and amounted to \$872,475 and \$881,529 for 2009 and 2008, respectively.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Effective January 1, 2009, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, which require recognition of and disclosure related to uncertain tax positions. The adoption had no effect on the Organization's net assets. As of and during the year ended December 31, 2009, the Organization does not have a liability for unrecognized tax benefits. The Organization is no longer subject to examination by the federal and state governments prior to 2006.

Subsequent Events

Management has evaluated subsequent events through June 25, 2010, the date the financial statements were available to be issued.

2. PROPERTY AND EQUIPMENT

At December 31, 2009 and 2008, the cost of property and equipment consisted of the following:

	2009			2008		
	Positively Cleveland	Spirit of Cleveland	Total	Positively Cleveland	Spirit of Cleveland	Total
Leasehold improvements		\$ 241,111	\$ 241,111		\$ 241,111	\$ 241,111
Office furniture and equipment	\$ 391,787	4,973	396,760	\$ 335,088	4,973	340,061
	<u>\$ 391,787</u>	<u>\$ 246,084</u>	<u>\$ 637,871</u>	<u>\$ 335,088</u>	<u>\$ 246,084</u>	<u>\$ 581,172</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

Effective January 1, 2009, Positively Cleveland adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, for nonfinancial assets and liabilities.

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, 2009:

<u>Description</u>	<u>Level 1</u>
Mutual funds	<u>\$ 241,614</u>

Assets and liabilities measured at fair value on a recurring basis are comprised of the following at December 31, 2008:

<u>Description</u>	<u>Level 1</u>
Mutual funds	<u>\$ 145,178</u>

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

5. NOTE RECEIVABLE

In 2000, Positively Cleveland loaned the Greater Cleveland Sports Commission (GCSC) \$250,000. The GCSC and Positively Cleveland renegotiated the terms of the note on October 31, 2005. Cash or in-kind payments are payable annually at an amount to be determined. The note is secured by the GCSC's accounts receivable and other assets. Interest ceased to accrue on the note at October 31, 2005, provided the GCSC abides by the renegotiated terms of the note. During 2009 and 2008, the GCSC provided Positively Cleveland with in-kind payments in the amount of \$32,500 and \$72,500, respectively.

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 2009 and 2008 related to this agreement has been included in the combined financial statements as of December 31, 2009 and 2008.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

7. PENSION AND DEFERRED COMPENSATION PLANS

Positively Cleveland has a defined contribution pension plan, with a 401(k) provision, which covers all employees who meet certain criteria as to age and years of service. Positively Cleveland may make matching contributions of 25% of employee deferrals up to 4% of compensation. Positively Cleveland may also make discretionary contributions to the plan. Positively Cleveland's policy is to fund the plan annually. The provisions for pension costs are included in benefits and amounted to approximately \$41,000 and \$188,000 (including matching contributions) during 2009 and 2008, respectively.

Positively Cleveland also maintains a non-qualified deferred compensation plan for certain employees. Under the plan, the employees' elective deferral is invested for their benefit by Positively Cleveland. The employees are entitled to the amounts in the plan including earnings thereon upon retirement, disability, or death. The assets of the plan can, however, be used in certain circumstances to satisfy the liabilities of Positively Cleveland. Compensation expense is recognized as amounts are deferred by the employees. The balance included in investments and in deferred compensation payable at December 31, 2009 and 2008, was \$64,296 and \$52,065, respectively.

Positively Cleveland has a qualified deferred compensation plan for certain key employees. Contributions made during 2009 and 2008 amounted to \$55,782 and \$27,000, respectively. 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, 2009 and 2008, was \$177,318 and \$93,113, respectively.

8. COMMITMENTS

Leases

Positively Cleveland has a fifteen-year sublease agreement which includes certain cancellable provisions, rent escalation clauses, and two five-year renewal options. Such sublease agreement includes monthly base rent and certain facility and occupancy charges. The future rent expense under this sublease is included in the future minimum rental commitments below.

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

2010	\$ 211,073
2011	211,073
2012	229,676
2013	248,279
2014	248,279
Thereafter	<u>2,040,961</u>
	<u>\$ 3,189,341</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS

8. COMMITMENTS (Continued)

Leases (Continued)

Positively Cleveland subleases its current office space from Greater Cleveland Partnership Shared Services. As part of the sublease agreement, Positively Cleveland uses property and equipment that it does not own or lease. Positively Cleveland pays a portion of the depreciation costs of this property and equipment.

A deferred rent liability has been recorded upon the escalation of rent during the term of the lease. No portion of this liability is expected to be paid during 2010 and therefore is included as a long-term liability.

Total rental expense for all leases amounted to approximately \$254,000 and \$270,000 during 2009 and 2008, respectively.

9. NET ASSETS

At December 31, 2009 and 2008, unrestricted net assets consisted of the following:

	<u>2009</u>	<u>2008</u>
Positively Cleveland		
Unrestricted	\$ 3,630,546	\$ 2,969,707
Board restricted		1,425,101
Spirit of Cleveland, Inc.	<u>294,586</u>	<u>311,270</u>
	<u>\$ 3,925,132</u>	<u>\$ 4,706,078</u>

Unrestricted net assets at December 31, 2008, were restricted by the Board of Trustees to be used for the 2007 Gateway Economic Development Corporation Liability.

In 2009, these Board restricted net assets were reclassified to unrestricted net assets.

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, 2009, and have issued our report thereon dated June 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 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 June 25, 2010.

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

June 25, 2010
Cleveland, Ohio

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

	Positively Cleveland	Spirit of Cleveland, Inc.	Total		Positively Cleveland	Spirit of Cleveland, Inc.	Total
ASSETS				LIABILITIES AND NET ASSETS			
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	\$ 3,754,813	\$ 114,245	\$ 3,869,058	Accounts payable and accrued expenses	\$ 72,096	\$ 11,314	\$ 83,410
Amounts due from Cuyahoga County	941,017		941,017	Salaries and payroll taxes payable	103,505	4,263	107,768
Accounts receivable	251,101	6,029	257,130	Gateway Economic Development Corporation Liability	<u>1,413,925</u>		<u>1,413,925</u>
Note receivable	2,017		2,017		1,589,526	<u>15,577</u>	1,605,103
Prepaid expenses and other	<u>211,966</u>		<u>211,966</u>				
	<u>5,160,914</u>	<u>120,274</u>	<u>5,281,188</u>				
PROPERTY AND EQUIPMENT - AT COST				DEFERRED COMPENSATION PAYABLE	241,614		241,614
Office furniture, equipment, and leasehold improvements	391,787	246,084	637,871	DEFERRED RENT	<u>83,051</u>		<u>83,051</u>
Less: Accumulated depreciation and amortization	<u>249,578</u>	<u>56,195</u>	<u>305,773</u>		<u>1,914,191</u>	<u>15,577</u>	<u>1,929,768</u>
	<u>142,209</u>	<u>189,889</u>	<u>332,098</u>				
OTHER ASSETS				UNRESTRICTED NET ASSETS	<u>3,630,546</u>	<u>294,586</u>	<u>3,925,132</u>
Investments	<u>241,614</u>		<u>241,614</u>		<u>\$ 5,544,737</u>	<u>\$ 310,163</u>	<u>\$ 5,854,900</u>
	<u>\$ 5,544,737</u>	<u>\$ 310,163</u>	<u>\$ 5,854,900</u>				

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

	<u>Positively Cleveland</u>	<u>Spirit of Cleveland, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES				
Transient occupancy tax	\$ 6,533,071			\$ 6,533,071
Less: Gateway liability	<u>(1,425,996)</u>			<u>(1,425,996)</u>
Net transient occupancy tax	5,107,075			5,107,075
Membership revenue	517,503			517,503
Ad and publication revenue	205,715			205,715
Interest income	27,015	\$ 465		27,480
Registration income	13,356			13,356
Event revenue		10,506		10,506
Visitor Information Centers		1,752		1,752
Cleveland Plus Marketing Alliance				
Advertising Revenue	150,000			150,000
Miscellaneous income	4,058	231,076	\$ (219,777)	15,357
In-kind contributions	<u>52,787</u>	<u>18,093</u>		<u>70,880</u>
	<u>6,077,509</u>	<u>261,892</u>	<u>(219,777)</u>	<u>6,119,624</u>
DEPARTMENTAL EXPENSES				
Administrative	726,428			726,428
Business development	872,660			872,660
Marketing	2,423,572			2,423,572
Convention sales	1,464,964			1,464,964
Services	<u>402,840</u>			<u>402,840</u>
	<u>5,890,464</u>			<u>5,890,464</u>
OTHER EXPENSES				
Community fund / Marketing grants	28,500			28,500
Visitor Information Centers	219,777	246,221	(219,777)	246,221
Sponsorships	<u>703,030</u>	<u>32,355</u>		<u>735,385</u>
	<u>951,307</u>	<u>278,576</u>	<u>(219,777)</u>	<u>1,010,106</u>
	<u>6,841,771</u>	<u>278,576</u>	<u>(219,777)</u>	<u>6,900,570</u>
CHANGE IN UNRESTRICTED NET ASSETS				
	(764,262)	(16,684)		(780,946)
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR				
	<u>4,394,808</u>	<u>311,270</u>		<u>4,706,078</u>
UNRESTRICTED NET ASSETS - END OF YEAR				
	<u>\$ 3,630,546</u>	<u>\$ 294,586</u>	<u>\$ -</u>	<u>\$ 3,925,132</u>

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Mary Taylor, CPA
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
DECEMBER 21, 2010**