Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. dba The Columbus Clippers

Audited Combined Financial Statements

As of and for the Years Ended
December 31, 2010 and 2009

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

Dave Yost • Auditor of State

Board of Trustees
Franklin County Stadium, Inc. and
Columbus Baseball Team, Inc. dba The Columbus Clippers
300 Huntington Park Lane
Columbus, Ohio 43215

We have reviewed the *Independent Auditors' Report* of the Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. dba The Columbus Clippers, Franklin County, prepared by Rea & Associates, Inc., 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 Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. dba The Columbus Clippers is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

June 1, 2011

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April 7, 2011

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying combined statements of financial position of Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. (doing business as "The Columbus Clippers" and collectively referred to as the "Organization"), a component unit of Franklin County, Ohio, as of December 31, 2010 and 2009, and the related combined statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated April 7, 2011, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2 through 4 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Rea & Associates, Inc.

Rea & Associates, Inc.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010

This narrative is for the Columbus Clippers 2010 audit. This is an attempt to compare year-to-year operations and expenditures for the first two seasons of Huntington Park. Huntington Park debuted on April 18, 2009 to rave reviews in our community. The final paid attendance of 666,797 that first season led all of minor league baseball (160 teams). Huntington Park was three times named the "Best Ballpark of 2009." In 2010 the Clippers again led the International League in attendance at the conclusion of the playoffs with a paid attendance of 651,224 (a decrease of 2% from the inaugural season) and the franchise finished second in the country in total paid attendance. However, due mainly to weather-related issues, the turnstile attendance was down approximately 15 percent. All budget figures were attained and season two was also a financial and artistic success. This was accomplished with the help of two additions: the securing of the Dave Matthews Band for a concert on an away game for the team and improved bookings of other events held at Huntington Park throughout the year. The team was again able to pay down three million dollars in March 2011 of the County's fifteen million dollar variable debt, and that again represented one million dollars more than was expected in each year of the team's first two years of operation.

The team continued their promise to the community that there would NOT be any sharp rise in pricing; and in fact they kept that promise by not increasing any ticket prices for 2010. Concession prices were permitted a small increase of 1%-2% that coincided with the raw material cost increase of the vendor. However, the new park and new location have allowed for the introduction of many new food items that have been very well received by our fans. Souvenir income stayed constant. The second season at our beautiful new park, in our second season of our affiliation with the Cleveland Indians, proved very beneficial as the Clippers literally went from "worst in 2009 to first in 2010" --- winning the post-season International League's Governors' Cup Trophy for the eighth time in franchise history and then advancing & winning their first Triple-A National Championship.

Ballpark needs and maintenance were again above projections due to the continued need for new and improved equipment to handle this new facility. The second season found us dealing with issues as we "settled in" to how best operate and handle the facility. Utility costs were up once again; even though management aggressively controls this to the best of their ability. Rising energy costs and unpredictable weather culminated in this additional expense. Insurance costs were fairly flat and consistent due to renegotiated premiums and the change in the baseball industry requirements throughout the country. Overall, team expenses remained mostly level throughout the regular 144 game season – except that team travel costs escalated somewhat due to the travel necessary for the post-season playoff games.

The overall audit indicates another profitable year from an operations stand-point; Reserves started being used in 2005 for the planning and eventual move to Huntington Park. Since then, the team has expended over $4.9 million in that area of its operations including initial sponsorship payments of $4.8 million paid to Franklin County prior to moving into Huntington Park. To that we now add the six million dollars of debt retirement that has been able to be accomplished over the course of these first two seasons.

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

In the last 34 years, the valuation of franchises in Minor League Baseball has dramatically evolved, evidenced by confirmed sales figures. Before addressing the current valuation of the Clippers franchise, one must understand the answer to this question: What is a "franchise" within the structure and rules of Minor League Baseball? As dictated by the terms of the Constitution and By-Laws of the International League of Professional Baseball Clubs, Inc. (International League), the Triple-A league in which the Clippers hold membership, the franchise is actually "owned" by the International League. The members within the International League are vested with "rights of membership" that translate to exclusive operational rights and obligations to the International League, Minor League Baseball, and the Office of the Commissioner of Baseball. Since the Rules of Baseball confer each of the thirty Triple-A teams with the right to affiliate (through a standardized "Player Development Contract") with one of the thirty Major League Baseball organizations, the ownership of a Triple-A league membership exists and functions within a lawfully restricted and finite number of organizations -- just thirty. The same analysis applies to the Double-A level of teams within Minor League Baseball.

Demonstrative and illustrative of this dramatic increase in fair market valuation of Triple-A franchises is the value of membership in the International League. In an article in Forbes, the magazine claimed, "On average, the top 20 [Minor League Baseball franchises] are worth $21.2 million." In 2007, the Board of Trustees of the Clippers entered into an agreement with the Franklin County Commissioners which requires that the Clippers Board shall not sell the Clippers franchise without the express consent of the Franklin County Commissioners. As such, valuation of the Clippers franchise is largely a moot issue since the Clippers franchise will not be foresee ably placed on the market. Even so, the Clippers franchise undoubtedly represents a contractually encumbered multi-million dollar asset effectively owned by the people of Franklin County, Ohio. As of today, to the knowledge of the Clippers management, no exactly similar, comparable organization exists in all of professional sports in the United States.

In conclusion, the Columbus Clippers completed their 34th season in 2010 by providing affordable, wholesome family entertainment once again for the citizens of Franklin County and Central Ohio. All capital expenditures since 1977 have been financed by the team. The two major factors impacting the success of the business operations continue to be the performance of the team on the field and the weather for home games; two factors where the business operations have little impact. To bring that point home we can compare the weather of these first two seasons at Huntington Park. In 2009 it rained on 16 of the Clippers 71 home games but only one game was postponed and there was only one day the temperature was 90 degrees or more at game time. In 2010 it rained on 21 of our first 41 home dates although no games were postponed. In addition, the temperature was at or exceeded 90 degrees on 20 of the final 30 home games of this past season. However, in the end the Columbus Clippers were proclaimed the 2010 International League Governors' Cup Champions and also the 2010 Triple-A National Champions for their performance on the field of play.

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

Summary of Net Assets (Dollars are in Thousands)

	2010	2009	Amount Change	% Change
Current and other assets	$ 18,504	$ 16,792	$ 1,712	10.2
Capital assets	2,483	2,460	23	0.9
Total assets	20,987	19,252	1,735	
Total liabilities	13,784	14,277	(493)	(3.5)
Net assets:				
Invested in capital assets	2,405	2,289	116	5.1
Unrestricted	4,798	2,686	2,112	78.6
Total net assets	$ 7,203	$ 4,975	$ 2,228	

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

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

	2010	2009	Amount Change	% Change
Revenues:				
Operating	$ 12,032	$ 12,574	$ (542)	
Non-operating	213	(789)	1,002	
Total revenues	12,245	11,785	460	3.9
Expenses:				
Operating	9,663	9,750	(87)	
Non-operating	354	250	104	
Total expenses	10,017	10,000	17	0.2
Changes in net assets	2,228	1,785	443	
Net assets, beginning of the year	4,975	3,190	1,785	
Net assets, end of the year	$ 7,203	$ 4,975	$ 2,228	44.8

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

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents	$ 878,756	$ 1,198,758
Accounts receivable	32,778	7,906
Investments in marketable securities	2,571,263	3,107,666
Souvenir and equipment inventory	235,746	170,669
Current portion of prepaid rent expense	2,928,466	2,928,466
Other prepaid expenses	6,309	3,640
Total current assets	6,653,318	7,417,105
OTHER ASSETS:		
Prepaid rent expense, net of current portion	11,311,737	8,885,762
Cash surrender value of life insurance policies	538,724	489,008
Capital assets, net	2,482,675	2,459,706
Total assets	$ 20,986,454	$ 19,251,581

LIABILITIES AND NET ASSETS

	2010	2009
CURRENT LIABILITIES:		
Accounts payable	$ 114,168	$ 67,463
Accrued expenses	13,936	13,393
Current portion of capital lease obligations	66,184	107,616
Deferred ticket sales revenue	928,356	1,061,010
Current portion of deferred sponsorship revenue	2,070,500	2,002,500
Total current liabilities	3,193,144	3,251,982
LONG-TERM LIABILITIES:		
Capital lease obligations, net of current portion	11,412	63,480
Deferred compensation	585,191	549,180
Deferred sponsorship revenue, net of current portion	9,994,110	10,412,000
Total long-term liabilities	10,590,713	11,024,660
Total liabilities	13,783,857	14,276,642
NET ASSETS:		
Unrestricted	4,797,518	2,686,329
Investment in capital assets, net of related debt	2,405,079	2,288,610
Total net assets	7,202,597	4,974,939
Total liabilities and net assets	$ 20,986,454	$ 19,251,581

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

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

COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
REVENUES:		
Ticket sales	$ 4,398,184	$ 4,732,498
Concessions	2,417,680	2,520,452
Souvenirs	638,142	652,348
Parking	195,160	184,056
Sponsorships and advertising	3,878,637	4,238,104
Special events	355,037	122,903
Other	148,644	123,995
Total revenues	12,031,484	12,574,356
EXPENSES:		
Stadium	4,559,203	4,672,273
Payroll and related taxes	2,858,380	2,784,507
Team	760,936	726,594
Souvenirs	341,672	414,988
Advertising	230,446	303,451
Other	912,474	848,624
Total expenses	9,663,111	9,750,437
Changes in net assets from operations	2,368,373	2,823,919
OTHER INCOME (EXPENSE):		
Interest and dividends	69,632	46,117
Net realized and unrealized gains on marketable securities	143,090	173,435
Gain (loss) on sale or disposal of capital assets	750	(1,008,635)
Total other income (expense)	213,472	(789,083)
Changes in net assets before depreciation expense	2,581,845	2,034,836
DEPRECIATION EXPENSE	354,187	250,182
Changes in net assets	2,227,658	1,784,654
NET ASSETS, beginning of year	4,974,939	3,190,285
NET ASSETS, end of year	$ 7,202,597	$ 4,974,939

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

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

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 11,502,718	$ 11,520,677
Cash paid to suppliers	(9,230,397)	(5,748,866)
Cash paid to employees	(2,821,826)	(2,750,699)
Cash surrender value of life insurance	(49,716)	(52,298)
Net cash provided by (used in) operating activities	(599,221)	2,968,814
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES:		
Payments for the purchase of capital assets	(377,154)	(1,412,488)
Proceeds from the sale of capital assets	750	2,500
Principal payments made on capital lease obligations	(93,500)	(136,004)
Net cash used in capital and relating financing activities	(469,904)	(1,545,992)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of investments in marketable securities	3,277,709	750,286
Purchase of investments in marketable securities	(2,528,586)	(2,715,067)
Net cash provided by (used in) investing activities	749,123	(1,964,781)
Net decrease in cash and cash equivalents	(320,002)	(541,959)
CASH AND CASH EQUIVALENTS, beginning of the year	1,198,758	1,740,717
CASH AND CASH EQUIVALENTS, end of the year	$ 878,756	$ 1,198,758

	2010	2009
Reconciliation of changes in net assets from operations to net cash provided by (used in) operating activities:		
Changes in net assets from operations	$ 2,368,373	$ 2,823,919
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	21,350	27,388
Cash surrender value of life insurance	(49,716)	(52,298)
Deferred compensation expense	36,011	36,011
(Increase) decrease in operating assets:		
Accounts receivable	(46,222)	(21,251)
Souvenir and equipment inventory	(65,077)	(83,523)
Prepaid rent expense	(2,425,975)	1,218,584
Other prepaid expenses	(2,669)	14,954
Increase (decrease) in operating liabilities:		
Accounts payable	46,705	39,661
Accrued expenses	543	(2,203)
Deferred ticket sales revenue	(132,654)	(349,778)
Deferred sponsorship revenue	(349,890)	(682,650)
Total adjustments	(2,967,594)	144,895
Net cash provided by (used in) operating activities	$ (599,221)	$ 2,968,814

	2010	2009
SUMMARY OF NON-CASH TRANSACTIONS:		
During the year ended December 31, 2009, the Organization placed capital assets into service that were purchased in prior years and previously classified as other prepaid expenses.	$ -	$ 145,000
During the year ended December 31, 2009, the Organization received capital assets under a long-term concessions contract where the original receipt of capital assets was deferred and recognized as revenue over the term of the contract.	$ -	$ 812,150
During the year ended December 31, 2009, the Organization financed the purchase of capital assets by entering into various capital lease obligations.	$ -	$ 307,100

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are carried at original invoice amount, less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by evaluating individual customer receivables and considering a customer's financial condition and credit history along with current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as income when received. Management has determined that all accounts are collectible and, accordingly, an allowance was not necessary as of December 31, 2010 and 2009.

Investments in Marketable Securities

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

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

- United States Treasury notes, bills, bonds, or other obligation or security issued by the Treasury, any other obligation guaranteed as to principal and interest by the U.S., or any book entry, zero-coupon security that is a direct obligation of the United States.
- Bonds, notes, debentures, or any other obligations or securities issued directly by any federal government agency or instrumentality.
- Money market mutual funds, provided that the investments are made only through eligible institutions.
- Common stocks in publicly traded companies in an equity account managed by certified and licensed professionals.

Fair Value Measurements

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

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

Level 2 Inputs to the valuation methodology include:

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2010 and 2009.

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

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

All of the Organization's financial instruments measured at fair value consist of assets which are valued using Level 1 inputs as of December 31, 2010 and 2009.

Souvenir and Equipment Inventory

Inventories are stated at the lower of cost (first-in, first-out basis) or market (determined as net realizable value). The cost of inventory is expensed at the time individual inventory items are consumed. For the years ended December 31, 2010 and 2009, souvenirs expense included giveaways of $66,242 and $54,252, respectively.

Prepaid Rent Expense

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

Cash Surrender Value of Life Insurance Policies

The Organization is the owner and beneficiary of life insurance policies on the lives of certain key employees aggregating $1,754,000 as of December 31, 2010. The policies had an aggregate cash surrender value of $538,724 and $489,008 as of December 31, 2010 and 2009, respectively.

Capital Assets

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Compensation
In connection with employment contracts between the Organization and certain key employees, provisions have been made for deferred compensation, which is payable upon retirement. Payments are made to the individuals or their survivors over a ten-year period commencing the first year of retirement. Deferred compensation expense is recognized on a straight-line basis over the service period. Deferred compensation expense was $36,011, for both the years ended December 31, 2010 and 2009. Total deferred compensation accrued based on terms of the employment contracts was $585,191 and $549,180 as of December 31, 2010 and 2009, respectively.

Net Assets
Net assets represent the difference between assets and liabilities on the combined statements of financial position. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used to build or acquire the capital assets. Net assets are reported as restricted in the combined financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations. There were no restricted net assets as of December 31, 2010 and 2009.

Advertising Costs
Advertising costs are expensed as incurred. Advertising costs, net of reimbursements from sponsors, was $230,446 and $303,451 for the years ended December 31, 2010 and 2009, respectively.

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

Effective January 1, 2009, generally accepted accounting principles require the Organization to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying combined statement of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the combined statement of revenues and expenses. The Organization believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal, state or local tax authorities for the years ended December 31, 2006 and prior.

Subsequent Events
The Organization has evaluated subsequent events through April 7, 2011, the date on which the combined financial statements were available to be issued. There were no events requiring disclosure.

NOTE 2: RISKS AND UNCERTAINTIES

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

The Organization maintains its cash and cash equivalent balances in financial institutions located in central Ohio. Deposits in interest-bearing accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of $250,000 through December 31, 2013. Insurance on deposits in noninterest-bearing accounts is unlimited. The Organization has both interest-bearing and noninterest-bearing accounts. As a result, the Organization may have balances in interest-bearing accounts that exceed the insured limit.

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

NOTE 3: INVESTMENTS

Investments consisted of the following as of December 31:

	2010		2009	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
Managed equity accounts	$ 2,571,263	82.7%	$ 3,107,666	86.4%
Cash surrender value of life insurance policies	538,724	17.3%	489,008	13.6%
Total investments	$ 3,109,987	100.0%	$ 3,596,674	100.0%

NOTE 4: CAPITAL ASSETS

Capital assets consisted of the following as of December 31, 2010:

	Beginning of the Year	Additions	Disposals	End of the Year
Machinery and equipment	$ 2,813,962	86,844	-	$ 2,900,806
Leasehold improvements	145,479	290,312	-	435,791
Capital assets, at cost	2,959,441			3,336,597
Less: accumulated depreciation	(499,735)	(354,187)	-	(853,922)
Capital assets, net	$ 2,459,706			$ 2,482,675

NOTE 4: CAPITAL ASSETS (Continued)

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

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

Depreciation expense was $354,187 and $250,182 for the years ended December 31, 2010 and 2009, respectively.

NOTE 5: DEFERRED SPONSORSHIP REVENUE

Deferred sponsorship revenue consisted of the following as of December 31, 2010:

	Beginning of the Year	Receipts	Revenue Recognized	End of the Year
Deferred sponsorship revenue	$ 12,414,500	2,827,039	(3,176,929)	$ 12,064,610
Less: current portion	(2,002,500)			(2,070,500)
Long-term portion	$ 10,412,000			$ 9,994,110

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

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

NOTE 6: LEASE OBLIGATIONS

Operating Lease

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

NOTE 6: LEASE OBLIGATIONS (Continued)

Future rental payments for each of the next five years and in the aggregate under the non-cancelable operating lease obligation as of December 31, 2010 are as follows:

Years ended December 31,	Amount
2011	$ 5,377,563
2012	5,341,834
2013	5,255,853
2014	5,163,114
2015	2,140,134
Thereafter	36,225,392
	$ 59,503,890

Total rent expense was $3,566,589 and $3,882,358 for the years ended December 31, 2010 and 2009, respectively.

Capital Lease

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

	2010	2009
Equipment	$ 307,100	$ 307,100
Less: accumulated depreciation	(54,260)	(23,550)
	$ 252,840	$ 283,550

Minimum future lease payments under capital lease obligations as of December 31, 2010 for each year through expiration and in the aggregate are as follows:

Years ended December 31,	Amount
2011	$ 69,007
2012	11,580
Total	80,587
Less: amount representing interest	(2,991)
Present value of minimum future lease payments	$ 77,596

NOTE 7: CONCESSIONS CONTRACT

On May 31, 2007, the Organization entered into a management agreement for concessions and catering with Sodexho Management, Inc. ("Sodexho") expiring in December 2028. The agreement grants Sodexho the sole and exclusive right to prepare, present, sell, vend, and dispense all refreshments within and about Huntington Park. The Organization receives a percentage of Sodexho's concessions and catering revenue based on the terms of the agreement. Concessions revenue related to the agreement was $2,417,680 and $2,520,452 for the years ended December 31, 2010 and 2009, respectively.

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

NOTE 8: PLAYER DEVELOPMENT CONTRACTS/BASEBALL AGREEMENT

On October 1, 2004, the National Association of Professional Baseball Leagues (the "Minor Leagues") signed an agreement (the "Baseball Agreement") with the National League of Professional Baseball Clubs and the American League of Professional Baseball Clubs (collectively the "Major Leagues"), which was originally set to expire in September 2014, subject to modification by either party after September 30th of each season. On December 16, 2010, the Baseball Agreement was extended by both parties through September 2020. The terms of the Baseball Agreement modified the Team's player development contract with the Major Leagues. Under the terms of the Baseball Agreement, the Minor League Club is responsible for the players' hotel and travel costs, uniform and equipment costs and other partial costs as designated in the contract.

The Baseball Agreement requires payment from the Minor Leagues to the Major Leagues for maintenance of the player development contracts, in an amount equal to a percentage of the Minor League's Clubs' net championship season ticket revenue.

During October 2008, the Organization entered into a player development contract with the Cleveland Indians that was originally set to expire in September 2012. On September 9, 2010, both parties extended this player development contract through September 2014.

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

April 7, 2011

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

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

We have audited the combined financial statements of Franklin County Stadium, Inc. and Columbus Baseball Team, Inc. (doing business as "The Columbus Clippers" and collectively referred to as the "Organization") as of and for the year ended December 31, 2010, and have issued our report thereon dated April 7, 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 controls over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below, that we consider to be material weaknesses in internal control over financial reporting:

Year-End Closing Process

During the audit as of and for the year ended December 31, 2010, audit adjustments were proposed and accepted by management in the areas of prepaid rent expense, accounts payable and deferred sponsorship revenue. We recommend the Organization's month-end and year-end closing processes be reviewed to identify opportunities to improve financial reporting in these areas.

Compliance and Other Matters

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.

Dave Yost • Auditor of State

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

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 14, 2011

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