

TOLEDO-LUCAS COUNTY CONVENTION  
AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF  
LUCAS, OHIO

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011





# Dave Yost • Auditor of State

Board of Trustees  
Toledo Lucas County Convention and Visitor's Bureau  
401 Jefferson Avenue  
Toledo, Ohio 43604

We have reviewed the *Independent Auditors' Report* of the Toledo Lucas County Convention and Visitor's Bureau, Lucas County, prepared by Weber O'Brien Ltd., for the audit period January 1, 2011 through December 31, 2011. 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 Toledo Lucas County Convention and Visitor's Bureau is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 15, 2012

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TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.

AUDITED FINANCIAL STATEMENTS

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.  
Toledo, Ohio 43604

We have audited the accompanying statement of net assets of the Toledo-Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio, and of its discretely presented component unit, Destination Toledo, Inc. (formerly Destination Toledo Convention and Visitors Bureau) (collectively the "Organization") as of December 31, 2011, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Organization's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit as of December 31, 2011, and the results of their respective operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2012, on our consideration of the Organization's internal control over financial reporting and on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Toledo-Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio, and of its discretely presented component unit, Destination Toledo, Inc. that collectively comprise the financial statements of the Organization as a whole. The accompanying supplementary information on pages 25 - 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplemental information is the responsibility of the Organization's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



April 24, 2012



**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2011**

The following Management Discussion and Analysis (MD&A) provides a summary overview of the financial performance of the Toledo Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio (herein referred to as the TLCCVB) and its discretely presented component unit, Destination Toledo, Inc. (herein referred to as DT) (collectively called the Organization) for the year ended December 31, 2011. This information in the MD&A should be read in conjunction with the Organization's financial statements and corresponding notes to the financial statements.

### **Financial Highlights**

- The Huntington Center was ranked in 8<sup>th</sup> place by Venue's Today among national concert venues and 1<sup>st</sup> in the 5,001-10,000 seat category in the Midwest, based on ticket sales.
- Assets exceeded liabilities for the Organization by \$1,761,216 as of December 31, 2011.
- Current assets and current liabilities decreased by \$459,161 and \$610,258, respectively, for the Organization over prior year.

### **Overview of the Financial Statements**

The Organization's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). Under GASB Statement No. 14, the County of Lucas, Ohio is defined as a "primary government" and TLCCVB is considered a component unit of the primary government. TLCCVB is defined as a "primary government", the DT is considered a discretely presented component unit of the primary government; both entities utilize enterprise fund accounting.

The basic financial statements of the Organization together with the notes, which are essential to a full understanding of the data contained in the financial statements, are the following:

- Statements of Net Assets - This statement presents information on all the Organization's assets and liabilities, with the difference between the two reported as net assets.
- Statements of Revenues, Expenses, and Changes in Net Assets - This statement shows how the Organization's net assets have changed during the most recent year. Revenue is reported generally when earned and expenses are reported when incurred.
- Statements of Cash Flows - This statement reports cash and cash equivalent activities for the fiscal year resulting from operating, capital and related financing activities, and investing activities.

**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2011**

- The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

**Financial Analysis of the Organization's Net Assets and Revenues, Expenses and Changes in Net Assets**

The tables below provide a summary of the Organization's financial position and operations for 2011 and 2010, respectively. Certain amounts may vary slightly due to differences caused by rounding to thousands.

**Condensed Statements of Net Assets  
December 31,  
(Amounts in Thousands)**

	<u>TLCCVB</u>			<u>DT</u>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>
Current Assets	\$3,496	\$3,720	(\$224)	\$182	\$546	(\$364)
Capital Assets, Net	1,795	1,916	( 121)	4	10	( 6)
Other	<u>235</u>	<u>235</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	5,526	5,871	( 345)	186	556	( 370)
Current Liabilities	2,690	3,301	( 611)	53	55	( 2)
Long Term Liabilities, Net	<u>1,075</u>	<u>1,221</u>	<u>( 146)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	3,765	4,522	( 757)	53	55	( 2)
Invested in Capital Assets	652	626	26	-0-	-0-	-0-
Temporarily Restricted	68	43	25	-0-	-0-	-0-
Unrestricted	<u>1,041</u>	<u>680</u>	<u>361</u>	<u>133</u>	<u>501</u>	<u>( 368)</u>
Total Net Assets	\$1,761	\$1,349	\$412	\$133	\$501	(\$368)

During 2011, net assets increased by \$411,539 for TLCCVB and decreased by \$367,476 for DT. The majority of these changes were due to the following:

- Cash has decreased \$328,500 for TLCCVB (largely due to debt payments) and decreased \$367,000 for DT from 2010 (largely due to less funds being provided by Lucas County, thus utilizing existing cash for operating purposes.)
- Capital assets decreased primarily due to depreciation.
- Current portion of debt decreased by \$603,000 due to debt forgiveness of \$453,000 by the Director of Development of the State of Ohio and extra principal payments made by TLCCVB. Long term debt decreased due to scheduled principal payments.

**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2011**

The following table summarizes the changes in revenues and expenses for the Organization between 2011 and 2010:

**Condensed Statements of Revenues, Expenses, and Changes in Net Assets  
Years ended December 31  
(Amounts in Thousands)**

	<u>TLCCVB</u>			<u>DT</u>		
	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2011</u>	<u>2010</u>	<u>Change</u>
<b><u>Operating Revenues</u></b>						
Event Revenue	\$3,424	\$3,275	\$149	\$ -0-	\$ -0-	\$ -0-
Parking	518	499	19	-0-	-0-	-0-
Lucas County Subsidy	550	700	( 150)	200	-0-	200
Other	<u>1,608</u>	<u>1,624</u>	<u>( 16)</u>	<u>74</u>	<u>195</u>	<u>( 121)</u>
Total Operating Revenue	6,100	6,098	2	274	195	79
<b><u>Operating Expenses</u></b>						
Payroll and benefits	2,519	2,444	75	421	431	( 10)
Contracted services	1,253	1,187	66	18	11	7
Marketing/ Advertising	43	44	( 1)	74	418	( 344)
Utilities	678	772	( 94)	3	4	( 1)
Supplies	905	820	85	1	5	( 4)
Insurance	147	89	58	2	2	-0-
Other	<u>375</u>	<u>369</u>	<u>6</u>	<u>117</u>	<u>171</u>	<u>( 54)</u>
Total Operating Expense	<u>5,920</u>	<u>5,725</u>	<u>195</u>	<u>636</u>	<u>1,042</u>	<u>( 406)</u>
Operating Income (Loss) before Depreciation	180	373	( 193)	( 362)	( 847)	485
Depreciation	<u>146</u>	<u>147</u>	<u>( 1)</u>	<u>6</u>	<u>8</u>	<u>( 2)</u>
Operating Income (Loss) after Depreciation	34	226	( 192)	( 368)	( 855)	487
<b><u>Non-Operating</u></b>						
Forgiveness of Debt	453	-0-	453			
Other	<u>( 76)</u>	<u>( 83)</u>	<u>7</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Non-operating	<u>377</u>	<u>( 83)</u>	<u>460</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Net Assets	\$ 411	\$ 143	\$268	(\$368)	(\$ 855)	\$487

Operating revenues include subsidies provided by the County to fund operations. The amount of subsidies received by TLCCVB was \$550,000 and by DT was \$200,000 for the year ended December 31, 2011. The remaining revenues largely come from event revenues.

- TLCCVB event income increased by \$149,000 in 2011 due to the Huntington Center hosting more sold out concerts.

**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2011**

- DT's other income decreased by \$121,000 due primarily to funds received in 2010 from Penn National to promote the new casino in the Toledo area.

**Operating expenses**

- Payroll and benefits increased for the TLCCVB by \$75,000 due primarily to the employees receiving a 3% raise.
- Supplies increased for the TLCCVB by \$85,000 due to the difference in the type of events held at the Huntington Center.
- Payroll expense for DT decreased by \$10,000 due to some changes in personnel.
- Advertising cost for DT decreased due to the change in direction of projects by DT.
- Other expenses for DT decreased due to a decrease in publication and printing service expenses.

**Capital Assets**

At the end of 2011, the TLCCVB had \$1,795,000 (net of accumulated depreciation) invested in capital assets. The investment in capital assets increased by \$26,000 during 2011. Current year depreciation expense was \$146,000. Additions to capital assets were \$25,000. Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets.

**Debt Administration**

At December 31, 2011 the Organization had total long-term debt outstanding of \$1,075,000 compared to \$1,221,000 at December 31, 2010. The promissory note with Huntington Bank that financed the purchase of the Garage parking rights was refinanced in early 2011 to a lower interest rate and lower payment. Extra payments on the balance due are being made as available.

During 1996 the Organization issued Fixed Rate Special Revenue Bonds, refunding the Series 1988 and 1991 Demand Special Revenue Bonds that were outstanding. These Bonds were for the construction of the Convention Centre and its furniture and fixtures. Accrued interest from October 1985 through September 1991 on the 1991 Variable Rate Demand and Special Revenue Bond of \$753,000 still exists and was payable in October, 2010 but was renegotiated. The Director of Development of the State of Ohio forgave \$453,331 of the accrued interest on the 1991 Variable Rate Demand and Special Revenue Bonds in early 2011. \$150,000 was paid during 2011 and the balance of \$150,000 will be paid in 2012.

**TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.,  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2011**

**Outstanding Debt at December 31,  
(In Thousands)**

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Note Payable to Bank	\$1,144	\$1,290	(\$146)
Notes Payable	<u>150</u>	<u>753</u>	<u>( 603)</u>
Total Debt	\$1,294	\$2,043	(\$749)

**Economic Factors**

Economic factors have impacted the convention and travel industry nationwide. This is true in Toledo/Lucas County as well. Revenues resulting from hotel/motel usage decreased in 2001 after years of growth. Convention attendance, as well as bookings also decreased during this period of time. This caused a decline in event revenue. The good news was that over the past several years the hotel/motel market and booking began to improve. Bookings did rebound in 2011 and we are optimistic that this trend will continue in 2012. The operations of the Huntington Center continue to be strong as well as tickets sales for the events. The SeaGate Centre has seen an increase in attendance at all types of events and bookings continue to be strong for 2012.

**Contacting the Organization's Financial Management**

This financial report is designed to provide a general overview of the Organization's finance for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Finance Director, Toledo Lucas County Convention and Visitor's Bureau, Inc., 401 Jefferson Avenue, Toledo, Ohio 43604

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF NET ASSETS  
December 31, 2011

ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo, Inc.</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,779,066	\$ 161,980
Accounts receivable		
Trade, net of allowance of \$-0- and \$825 respectively	339,847	8,754
Sponsorship receivable	324,138	-0-
Prepaid expenses	53,326	11,950
<b>Total Current Assets</b>	<b>3,496,377</b>	<b>182,684</b>
<b>CAPITAL ASSETS</b>		
Parking Rights	1,175,000	-0-
Depreciable Capital Assets		
Building & improvements	1,042,609	-0-
Furniture and fixtures	64,582	154,913
Machinery & equipment	133,387	-0-
Computer equipment	18,975	-0-
Other capital assets	2,683	-0-
Total depreciable capital assets	1,262,236	154,913
Accumulated depreciation and amortization	( 641,800)	( 151,062)
Net depreciable capital assets	620,436	3,851
<b>Total capital assets, net</b>	<b>1,795,436</b>	<b>3,851</b>
<b>OTHER ASSETS - Restricted Cash</b>	<b>235,000</b>	<b>-0-</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,526,813</b>	<b>\$ 186,535</b>

(Continued)

"The Accompanying Notes are an Integral  
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF NET ASSETS, CONTINUED  
December 31, 2011

LIABILITIES AND NET ASSETS

	Toledo-Lucas County Convention and Visitors Bureau, Inc.	Discretely Presented Component Unit Destination Toledo, Inc
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	\$ 307,355	\$ 4,745
Accounts payable - Lucas County	23,597	-0-
Current portion of long term liabilities	218,921	-0-
Accrued payroll and payroll taxes	232,608	20,770
Accrued real estate taxes and special assessments	49,703	-0-
Other accrued liabilities	12,413	-0-
Security deposits	67,404	-0-
Deferred revenue	1,003,283	27,739
Advance ticket sales	<u>775,432</u>	<u>-0-</u>
<b>Total Current Liabilities</b>	<b>2,690,716</b>	<b>53,254</b>
<b>LONG TERM LIABILITIES</b>		
Notes payable to bank	1,143,802	-0-
Note payable - non-interest bearing	<u>150,000</u>	<u>-0-</u>
Subtotal	1,293,802	-0-
Less: Current portion	<u>(218,921)</u>	<u>-0-</u>
<b>Net Long Term Liabilities</b>	<b><u>1,074,881</u></b>	<b><u>-0-</u></b>
<b>TOTAL LIABILITIES</b>	<b>3,765,597</b>	<b>53,254</b>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	651,634	-0-
Restricted for advertising	68,406	-0-
Unrestricted	<u>1,041,176</u>	<u>133,281</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,761,216</u></b>	<b><u>\$ 133,281</u></b>

"The Accompanying Notes are an Integral  
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TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year Ended December 31, 2011

	Toledo-Lucas County Convention and Visitors Bureau, Inc.	Discretely Presented Component Unit Destination Toledo, Inc.
<b>OPERATING REVENUES</b>		
Event revenue	\$ 3,424,252	\$ -0-
Other ticketing and sponsorship revenue	815,673	-0-
Parking, net of expenses of \$25,239	518,260	-0-
Food & beverage subsidy	692,857	-0-
Lucas County subsidy	550,000	200,000
Membership dues	-0-	65,249
Earnings from sale of exclusive rights	25,000	-0-
Other	<u>74,868</u>	<u>8,738</u>
<b>Total Operating Revenues</b>	<b>6,100,910</b>	<b>273,987</b>
<b>OPERATING EXPENSES</b>		
Payroll and fringe benefits	2,519,469	421,350
Contracted services	1,252,845	18,201
Supplies, maintenance and other	904,832	1,319
Utilities	678,321	2,994
Insurance	147,463	2,000
Legal and accounting	131,113	23,577
Building and equipment rent	80,580	12,215
Miscellaneous	75,210	34,222
Real estate taxes and special assessments	47,023	-0-
Marketing and advertising	43,440	74,127
Travel and entertainment	26,801	29,727
Dues, memberships and subscriptions	11,127	2,970
Postage	2,258	6,309
Provision for losses on accounts receivable	-0-	1,149
Photography, printing and publications	<u>-0-</u>	<u>5,626</u>
<b>Total Operating Expenses</b>	<b>5,920,482</b>	<b>635,786</b>
<b>Operating Income (Loss) before Depreciation and Amortization</b>	<b>180,428</b>	<b>( 361,799)</b>
Depreciation and amortization	<u>145,637</u>	<u>5,677</u>
<b>Operating Income (Loss)</b>	<b>34,791</b>	<b>( 367,476)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Forgiveness of debt	453,331	-0-
Interest and finance costs	( 77,258)	-0-
Interest income	<u>675</u>	<u>-0-</u>
<b>Net Nonoperating Revenues (Expenses)</b>	<b>376,748</b>	<b>-0-</b>
<b>CHANGE IN NET ASSETS</b>	<b>411,539</b>	<b>( 367,476)</b>
<b>NET ASSETS - BEGINNING</b>	<b>1,349,677</b>	<b>500,757</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 1,761,216</b>	<b>\$ 133,281</b>

"The Accompanying Notes are an Integral  
Part of These Financial Statements"



TOLEDO - LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2011

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo, Inc.</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Cash Received from Customers, Contributions and Subsidies	\$ 6,090,676	\$ 279,871
Cash Payments to Suppliers for Goods and Services	( 3,483,664)	( 229,402)
Cash Payments to Employees for Services	( 2,537,719)	( 417,798)
NET CASH PROVIDED BY (USED IN) OPERATIONS	69,293	( 367,329)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	( 24,813)	-0-
Repayment of Long Term Debt	( 296,396)	-0-
Interest paid	( 77,258)	-0-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	( 398,467)	-0-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	675	-0-
NET CASH PROVIDED BY INVESTING ACTIVITIES	675	-0-
DECREASE IN CASH AND CASH EQUIVALENTS	( 328,499)	( 367,329)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,107,565	529,309
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,779,066	\$ 161,980

"The Accompanying Notes are an Integral  
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TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
STATEMENT OF CASH FLOWS, CONTINUED  
Year Ended December 31, 2011

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo, Inc.</u>
<b>CASH FLOWS FROM OPERATIONS</b>		
Operating income (loss)	\$ 34,791	(\$ 367,476)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	145,637	5,677
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	( 95,089)	1,766
Sponsorship receivable	( 4,729)	-0-
Other assets and liabilities	( 4,520)	( 5,790)
Security deposits	7,626	-0-
Accrued real estate taxes	( 52)	-0-
Accounts payable	( 94,064)	( 9,176)
Accrued payroll and payroll taxes	( 18,250)	3,552
Deferred revenue	89,586	4,118
Other accrued liabilities	8,357	-0-
Total adjustments	<u>34,502</u>	<u>147</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATIONS</b>	<u>\$ 69,293</u>	<u>(\$ 367,329)</u>

"The Accompanying Notes are an Integral  
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS  
Year Ended December 31, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Toledo-Lucas County Convention and Visitors Bureau, Inc. (TLCCVB) operates the SeaGate Centre (a convention center) and Huntington Center (an arena) in the City of Toledo. The accompanying financial statements report all of the accounts of the SeaGate Centre and Huntington Center. The reporting entity is comprised of the TLCCVB and Destination Toledo, Inc. (DT) (formerly Destination Toledo Convention and Visitors Bureau), a component unit, which was established to encourage and promote the utilization of convention, restaurant, hotel, motel and entertainment facilities in Toledo and the surrounding areas. Upon the dissolution of DT, any remaining assets after payment of all obligations will be distributed to the TLCCVB. The Huntington Center is an 8,000 plus seat multi-purpose arena owned by Lucas County which opened October 2009. TLCCVB and DT are supported primarily through event revenues, private contributions, and Lucas County subsidies.

For financial reporting purposes, the TLCCVB is a component unit of Lucas County as the County appoints the TLCCVB's Board of Trustees and the County is financially accountable for, and provides significant subsidies to, the TLCCVB and its component unit, the DT.

TLCCVB is affiliated with DT by virtue of being the sole member of DT, as provided under DT's code of regulations. Consequently, TLCCVB has controlling interest in DT, and is responsible for appointing and removing DT's Board of Trustees.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. Based on these criteria, TLCCVB is determined to be a component unit of Lucas County and DT is determined to be a component unit of TLCCVB.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in single enterprise funds.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Basis of Accounting, Continued**

Enterprise funds are used to account for the costs of providing goods and services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the government intends to fully recover the cost of the goods or services provided. The Organization does not meet the above criteria; however, it qualifies for enterprise accounting under the transition rules of GASB 34 whereby it previously reported as a not-for-profit under the American Institute of CPAs not-for-profit model at the date of the GASB 34 statement.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Organization follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Organization also follows Financial Accounting Standards Board Statements and Interpretations, issued after November 30, 1989 that are developed for business enterprises, except those that conflict with or contradict GASB pronouncements.

**Measurement Focus**

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Organization are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the Organization finances and meets the cash flow needs of its enterprise activity.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Substantially all cash is held at one financial institution.

**Accounts Receivable - Trade**

A reserve for uncollectible accounts is determined based on prior history and individual account status. An account is delinquent at 30 days past due. If the account becomes between 60 and 90 days past due, it is sent to a collection agency. In the first phase, which can span another 90 days, 100% of the invoice can be collected. Approximately only half of the original invoice can be collected in the second phase. The third phase is to file suit against the customer. The Organization does not accrue interest on past due accounts.

**Capital Assets**

Capital assets are recorded at cost. Costs that materially add to the productive capacity or extend the life of an asset are capitalized while maintenance and repair costs are expensed as incurred. Contributed assets are stated at fair value at the time of contribution. The TLCCVB and the DT maintain a capitalization threshold of one thousand dollars.

Depreciation is recorded using the straight-line method over the estimated useful lives of the depreciable assets.

Intangible assets with an indefinite life are not amortized. If changes in factors and conditions result in the useful life of an intangible asset no longer being indefinite, the asset should be tested for impairment because a change in the expected duration of use of the asset has occurred. All other intangible assets are amortized over their estimated useful lives.

**Revenues**

Lucas County provides subsidies to the TLCCVB and DT to fund operations. The amount of subsidies received by TLCCVB and DT from the County was \$550,000 and \$200,000, respectively, for the year ended December 31, 2011.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Compensated Absences**

The Organization follows GASB Statement No. 16, *Accounting for Compensated Absences*, which requires that a liability be accrued if it is probable that the employee will be compensated through cash payment upon termination of employment.

**Deferred Revenue**

Income from membership dues and scheduled events is deferred and recognized over the periods to which the dues relate and scheduled events take place. Income from suite rentals received in advance is deferred over the term of the lease agreement. Preferred seating rights are deferred over the term of the agreement. Sponsorship income received in advance is deferred over the term of the agreement. These revenues are recognized monthly over the term of their agreements using the straight line method. Deferred Income represents the unearned portion of these contracts.

Donations from non-governmental entities are recognized when all applicable eligibility requirements are met.

**Income Taxes**

TLCCVB and DT are both incorporated under the laws of the State of Ohio as not-for-profit corporations and are exempt from state and local income taxes. The Internal Revenue Service has determined TLCCVB and DT to be exempt from federal income taxes under Section 501(c)(3) and Section 501(c)(6), respectively, of the Internal Revenue Code. However, income from certain activities not directly related to their tax-exempt purpose may be subject to taxation as unrelated business income. TLCCVB and DT believe that they have no liability for unrelated business income and, accordingly, no provision for income taxes has been included in the accompanying financial statements.

Financial Accounting Standards Board Accounting Standard Codification ("ASC") 740-10, "Income Taxes", clarifies how tax benefits for uncertain tax positions are to be recognized, measured, and reported in financial statements and requires certain disclosures of uncertain tax matters.

It is management's opinion that the Organization is exempt from filing tax returns due to its relationship with Lucas County. The Organization's policy is to classify interest and penalties recognized in connection with income tax matters in interest expense and general and administrative expense, respectively. At December 31, 2011, the Organization did not have any unrecognized tax benefits.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted assets as of December 31, 2011 are \$68,406.

The Board of Trustees of the TLCCVB has designated unrestricted net assets aggregating \$164,762 for capital improvements and expansion, and future debt payments related to the outstanding interest of \$150,000 owed on the 1991 Variable Rate Demand and Special Revenue bonds. The amount designated for capital improvements and expansion was \$47,189 and the amount designated for repayment of the outstanding interest owed on the 1991 bonds was \$117,573. Such amounts are not restricted, and may be designated for other purposes or eliminated at the discretion of the Board. Unrestricted net assets at December 31, 2011 for TLCCVB and DT are \$1,041,176 and \$133,281, respectively.

**Subsequent Events**

Management has evaluated events and transactions from December 31, 2011 through April 24, 2012 for possible recognition or disclosure in these financial statements. This date is the date these financials were available to be issued. Note 12 includes the disclosure of a subsequent event.

**NOTE 2 - CASH AND INVESTMENTS**

Protection of TLCCVB and DT's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. As a non-profit organization, there are no Ohio Revised Code statutory requirements regarding the investment of funds held by the Organization.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

**NOTE 2 - CASH AND INVESTMENTS, Continued**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, TLCCVB and DT will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2011, the carrying amount of TLCCVB and DT's deposits were \$3,014,066 and \$161,980 respectively. At year end, \$-0- of TLCCVB's bank balance of \$3,107,057 was exposed to custodial credit risk because they were uninsured and collateralized by the financial institution's collateral pool. At year end, \$-0- of DT's bank balance of \$167,255 was exposed to custodial credit risk because it was FDIC insured.

Demand deposits are collateralized at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

**Investments**

In accordance with the investment policy of TLCCVB and DT, authorized investments include: zero coupon treasury notes, zero coupon corporate bonds, certificates of deposit, sweep accounts and FDIC insured savings accounts with maturities less than one year. Neither entity had any investments as of December 31, 2011.

**NOTE 3 - PARKING RIGHTS**

During 2007, the Organization purchased the rights to a portion of the parking spaces in the garage for \$1,175,000. The parking rights purchased were recorded as a capital asset in accordance with Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes standards of accounting and financial reporting for intangible assets. As these rights have an indefinite life, they are not amortized.



TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

**NOTE 4 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2011 is as follows:

<u>TLCCVB</u>	Balance at January 1, 2011	<u>Additions</u>	<u>Dispositions</u>	Balance at December 31, 2011
Historical Cost:				
Parking Rights	\$1,175,000	\$ -0-	\$-0-	\$1,175,000
Depreciable Capital Assets				
Building & Improvements	1,019,321	23,288	-0-	1,042,609
Furniture and Fixtures	64,582	-0-	-0-	64,582
Machinery & Equipment	131,862	1,525	-0-	133,387
Computer Equipment	18,975	-0-	-0-	18,975
Other Capital Assets	<u>2,683</u>	<u>-0-</u>	<u>-0-</u>	<u>2,683</u>
Total Historical Cost	2,412,423	24,813	-0-	2,437,236
Accumulated Depreciation:				
Building & Improvements	417,710	104,025	-0-	521,735
Furniture & Fixtures	18,103	10,321	-0-	28,424
Machinery & Equipment	47,944	26,724	-0-	74,668
Computer Equipment	11,006	4,032	-0-	15,038
Other Capital Assets	<u>1,400</u>	<u>535</u>	<u>-0-</u>	<u>1,935</u>
Total Accumulated Depreciation	<u>496,163</u>	<u>145,637</u>	<u>-0-</u>	<u>641,800</u>
Capital Assets, Net	<u>\$1,916,260</u>	<u>(\$120,822)</u>	<u>\$-0-</u>	<u>\$1,795,436</u>
Depreciation Expense Charged to Operating Activities		<u>\$145,637</u>		

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, Continued

<u>DT</u>	Balance at January 1, 2011	<u>Additions</u>	<u>Dispositions</u>	Balance at December 31, 2011
Historical Cost:				
Furniture and Fixtures	\$154,913	\$ -0-	\$-0-	\$154,913
Accumulated Depreciation:				
Furniture and Fixtures	<u>145,385</u>	<u>5,677</u>	<u>-0-</u>	<u>151,062</u>
Capital Assets, Net	<u>\$ 9,528</u>	<u>\$5,677</u>	<u>\$-0-</u>	<u>\$ 3,851</u>
Depreciation Expense Charged to Operating Activities		<u>\$5,677</u>		

NOTE 5 - NOTES PAYABLE

Notes outstanding at December 31, 2011 are as follows:

	Balance at December 31, 2010	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, 2011	Due Within One Year
Notes Payable to Bank	\$1,290,198	\$-0-	\$146,396	\$1,143,802	\$ 68,921
Note Payable	<u>753,331</u>	<u>-0-</u>	<u>603,331</u>	<u>150,000</u>	<u>150,000</u>
Total	<u>\$2,043,529</u>	<u>\$-0-</u>	<u>\$749,727</u>	<u>\$1,293,802</u>	<u>\$218,921</u>

During 1996 TLCCVB issued \$20,290,000 Fixed Rate Special Revenue Refunding Bonds Series 1996 and refunded the Series 1988 and 1991 Variable Rate Demand Special Revenue Bonds. Accrued interest from October 1985 through September 1991 of \$753,331 on the 1991 Variable Rate Demand and Special Revenue Bonds was payable in October 2010. During 2011, a settlement agreement was entered into with the Director of Development of the State of Ohio. Under the terms of the agreement the State of Ohio forgave \$453,331 of the accrued interest, which forgiveness is included in nonoperating revenues in the accompanying statement of revenues, expenses and changes in net assets.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

**NOTE 5 – NOTES PAYABLE, Continued**

A non-interest bearing promissory note in the amount of \$300,000 was issued for the remaining balance due. The term of the note is for four semi-annually payments of \$75,000 each beginning June 1, 2011. The balance of \$150,000 at December 31, 2011 is reported in the financial statements as the note payable, non-interest bearing.

During 2007 TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of the Garage parking rights from a partner. The note was refinanced during 2011 for a term of 5 years with monthly payments of \$7,385 including interest at a rate of 5.5% and a balloon payment at maturity for the remaining principal and interest. The note is due in January 2016. This loan is secured by certain real estate, assignment of rents, and a deposit account aggregating \$235,000 and is shown as restricted cash in the accompanying statement of net assets.

During 2009 TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of a chiller to produce air conditioning and reduce utility costs. The chiller project was partially funded by a State of Ohio Grant, with the balance being funded by a favorable interest rate loan, which was secured through Huntington Bank under a "linked deposit program" established by the Ohio Revised Code. The term of the loan is 101 months with payments of \$3,337 at an interest rate of 3.50%.

Maturities of notes payable principal and interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 218,921	\$ 59,751
2013	72,121	56,552
2014	75,477	53,196
2015	78,996	49,676
2016	848,287	5,838
<b>Total</b>	<u>\$1,293,802</u>	<u>\$225,013</u>

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

**NOTE 6 - RELATED PARTY TRANSACTIONS**

TLCCVB, under an operating lease agreement, leased the convention centre and arena from the Lucas County Commissioners for a nominal annual fee. The agreement commenced on February 1, 2009 and extends through January 31, 2039.

TLCCVB retains a law firm of which a partner is a Trustee of the TLCCVB. TLCCVB incurred fees from this firm amounting to \$59,753 in 2011.

The DT reimburses TLCCVB for various personnel and administrative services provided. Total reimbursements for the year ended December 31, 2011 were \$58,244.

The DT leases office space from TLCCVB on a month-to-month basis for \$750 per month. Total rental expense under the month-to-month lease was \$9,000 for the year ended December 31, 2011.

**NOTE 7 - RETIREMENT AND OTHER BENEFIT PLANS**

TLCCVB has a retirement and savings plan for hourly and salaried employees under the SMG retirement and savings plan, which is administered by Fidelity. Contributions by TLCCVB are discretionary based on employees' deferral contribution on an annual basis. Employer contributions to the plan were \$15,124 for the year ended December 31, 2011. DT has a defined contribution retirement plans for eligible employees, created under the authority of a resolution of the governing board. The DT employee plan is administered by Emjay Retirement Plan Services. Under the provisions of the DT 401(k) plan, DT contributes an amount equal to 4% of its employees' gross salaries. In addition, DT makes matching contributions at a rate of 75% of employee contributions up to a maximum of 1% of an employee's gross salary. Employer contributions to the plans were \$10,679 for the year ended December 31, 2011.

TLCCVB participates in an industry-wide, defined contribution, multi-employer pension plan for its union stage employees that provides for pension benefits. Contributions were based on 7% of hours worked through August 2011 and then increased to 10% of hours worked. Pension expense under the plan amounted to \$22,015. As of the date of this report, management is not aware of any unfunded pension expense or withdrawal liability.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

**NOTE 8 - INSURANCE**

The Organization maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. There were no significant reductions in coverage from the prior year and settled claims were not in excess of coverage in any of the past three years. The Organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and injuries to employees.

The Organization also maintains Directors' and Officers' liability insurance with an aggregate limit of insurance of \$2,000,000.

**NOTE 9 - MANAGEMENT AGREEMENTS**

The TLCCVB entered into management agreements with SMG during 2007 and 2009 which expire in 2012 and 2014, respectively. The management agreements provide for a current annual fixed fee of \$232,943, with additional compensation based on achieving predetermined revenue goals. Total fees paid to SMG were \$328,005 for the year ended December 31, 2011.

The TLCCVB entered into a management agreement late in 2001 with the Board of Lucas County Commissioners to manage Lucas County owned parking lots for an annual fee that increased 4% every year through 2011, with the fee to be received by March 1<sup>st</sup>. The fee is being paid to TLCCVB to cover all costs including labor, repair and maintenance, taxes and utilities of the lots. Management income for 2011 was \$99,632 and is included in parking revenue. The lease expired in 2011. Subsequent to year end the lease was renewed (Note 12).

The parking receipts from these lots are to replace the receipts from the lots lost resulting from the construction of a new ballpark. Stated in the agreement is a clause that if net parking receipts are less than \$50,000 annually, then the owner will pay the balance up to \$50,000 to the TLCCVB. Conversely, if net parking receipts exceed \$50,000, the first \$15,000 will be kept by the manager for a restricted capital reserve account for the lots. Any excess over the \$15,000 will be allocated 40% to the TLCCVB and 60% to the owner. Net parking receipts to the Organization for 2011 under the above arrangement were \$56,649.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
Year Ended December 31, 2011

**NOTE 10 - CONTINGENCY**

The TLCCVB has been assessed real estate taxes in the amount of \$775,653, and has applied for an exemption of these taxes. While the final outcome cannot presently be determined, it is the opinion of management, after consultation with legal counsel, that it is more likely than not that the tax exemption will be granted and, accordingly, no amounts have been included in the accompanying financial statements for such assessed taxes.

During 2009, SMG, management company of TLCCVB, made a donation to TLCCVB in the amount of \$300,000 to be used to fund mutually agreed upon projects at the arena. During 2010, \$59,447 was spent on capital expenditures. The remaining \$240,553 is included on the statement of net assets in deferred revenue. In the event of the expiration or termination of TLCCVB's management agreement with SMG, the TLCCVB may be required to re-pay certain amounts of the grant to SMG.

**NOTE 11 - ECONOMIC DEPENDENCY AND UNCERTAINTY**

The TLCCVB and the DT are dependent on Lucas County to subsidize their operations. Amounts received from Lucas County by the TLCCVB and the DT during 2011 were \$550,000 and \$200,000, respectively. Lucas County is undergoing financial stress, and it is uncertain what amounts, if any, will be received from the County in the future.

**NOTE 12 - SUBSEQUENT EVENT**

Subsequent to year end, TLCCVB entered into a lease agreement with the Board of Lucas County Commissioners to manage Lucas County owned parking lots for an annual fee of \$99,000 per year for 10 years.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
COMBINING STATEMENT OF TLCCVB NET ASSETS  
December 31, 2011

ASSETS

	<u>Huntington Center</u>	<u>Seagate Convention Centre</u>	<u>Eliminating Entries</u>	<u>TLCCVB Combined Total</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,424,181	\$ 354,885	\$ -0-	\$ 2,779,066
Accounts receivable trade	235,748	157,309	(53,210)	339,847
Sponsorship receivable	324,138	-0-	-0-	324,138
Prepaid expenses	<u>34,371</u>	<u>18,955</u>	<u>-0-</u>	<u>53,326</u>
<b>Total Current Assets</b>	<b>3,018,438</b>	<b>531,149</b>	<b>(53,210)</b>	<b>3,496,377</b>
<b>CAPITAL ASSETS</b>				
Parking Rights	-0-	1,175,000	-0-	1,175,000
Depreciable Capital Assets				
Building & improvements	3,498	1,039,111	-0-	1,042,609
Furniture and fixtures	3,690	60,892	-0-	64,582
Machinery & equipment	1,525	131,862	-0-	133,387
Computer equipment	-0-	18,975	-0-	18,975
Other capital assets	<u>-0-</u>	<u>2,683</u>	<u>-0-</u>	<u>2,683</u>
Total depreciable capital assets	8,713	1,253,523	-0-	1,262,236
Accumulated depreciation and amortization	<u>( 1,091)</u>	<u>( 640,709)</u>	<u>-0-</u>	<u>( 641,800)</u>
Net depreciable capital assets	<u>7,622</u>	<u>612,814</u>	<u>-0-</u>	<u>620,436</u>
<b>Total capital assets, net</b>	<b>7,622</b>	<b>1,787,814</b>	<b>-0-</b>	<b>1,795,436</b>
<b>OTHER ASSETS - Restricted Cash</b>	<u>-0-</u>	<u>235,000</u>	<u>-0-</u>	<u>235,000</u>
<b>TOTAL ASSETS</b>	<b>\$ 3,026,060</b>	<b>\$ 2,553,963</b>	<b>(\$ 53,210)</b>	<b>\$ 5,526,813</b>

(Continued)

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
COMBINING STATEMENT OF TLCCVB NET ASSETS, CONTINUED  
December 31, 2011

LIABILITIES AND NET ASSETS

	<u>Huntington Center</u>	<u>Seagate Convention Centre</u>	<u>Eliminating Entries</u>	<u>TLCCVB Combined Total</u>
<b>LIABILITIES:</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable - trade	\$ 292,664	\$ 67,901	(\$ 53,210)	\$ 307,355
Accounts payable - Lucas County	4,830	18,767	-0-	23,597
Current portion of long term liabilities	-0-	218,921	-0-	218,921
Accrued payroll and payroll taxes	100,543	132,065	-0-	232,608
Accrued real estate taxes and special assessments	-0-	49,703	-0-	49,703
Other accrued liabilities	11,153	1,260	-0-	12,413
Security deposits	8,400	59,004	-0-	67,404
Deferred revenue	1,003,237	46	-0-	1,003,283
Advance ticket sales	<u>775,432</u>	<u>-0-</u>	<u>-0-</u>	<u>775,432</u>
<b>Total Current Liabilities</b>	<b>2,196,259</b>	<b>547,667</b>	<b>( 53,210)</b>	<b>2,690,716</b>
<b>LONG TERM LIABILITIES</b>				
Notes payable to bank	-0-	1,143,802	-0-	1,143,802
Note payable - non-interest bearing	<u>-0-</u>	<u>150,000</u>	<u>-0-</u>	<u>150,000</u>
Subtotal	-0-	1,293,802	-0-	1,293,802
Less: Current portion	<u>-0-</u>	<u>( 218,921)</u>	<u>-0-</u>	<u>( 218,921)</u>
<b>Net Long Term Liabilities</b>	<u>-0-</u>	<u>1,074,881</u>	<u>-0-</u>	<u>1,074,881</u>
<b>TOTAL LIABILITIES</b>	<b>2,196,259</b>	<b>1,622,548</b>	<b>( 53,210)</b>	<b>3,765,597</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	7,622	644,012	-0-	651,634
Restricted for advertising	68,406	-0-	-0-	68,406
Unrestricted	<u>753,773</u>	<u>287,403</u>	<u>-0-</u>	<u>1,041,176</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>829,801</u></b>	<b>\$ <u>931,415</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>1,761,216</u></b>



TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
COMBINING STATEMENT OF TLCCVB REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year Ended December 31, 2011

	<u>Huntington Center</u>	<u>Seagate Convention Centre</u>	<u>Eliminating Entries</u>	<u>TLCCVB Combined Total</u>
<b>OPERATING REVENUES</b>				
Event revenue	\$ 2,579,926	\$ 844,326	\$ -0-	\$ 3,424,252
Other ticketing and sponsorship revenue	815,673	-0-	-0-	815,673
Parking, net of expenses of \$0 and \$25,239, respectively	-0-	518,260	-0-	518,260
Food & beverage subsidy	507,771	185,086	-0-	692,857
Lucas County subsidy	-0-	550,000	-0-	550,000
Earnings from sale of exclusive rights	-0-	25,000	-0-	25,000
Other	<u>12,273</u>	<u>62,595</u>	<u>-0-</u>	<u>74,868</u>
<b>Total Operating Revenues</b>	<b>3,915,643</b>	<b>2,185,267</b>	<b>-0-</b>	<b>6,100,910</b>
<b>OPERATING EXPENSES</b>				
Payroll and fringe benefits	1,406,739	1,112,730	-0-	2,519,469
Contracted services	918,459	334,386	-0-	1,252,845
Supplies, maintenance and other	776,350	128,482	-0-	904,832
Utilities	360,936	317,385	-0-	678,321
Insurance	82,920	64,543	-0-	147,463
Legal and accounting	66,290	64,823	-0-	131,113
Building and equipment rent	57,146	23,434	-0-	80,580
Miscellaneous	54,696	20,514	-0-	75,210
Real estate taxes and special assessments	-0-	47,023	-0-	47,023
Marketing and advertising	5,689	37,751	-0-	43,440
Travel and entertainment	15,839	10,962	-0-	26,801
Dues, memberships and subscriptions	6,101	5,026	-0-	11,127
Postage	<u>1,340</u>	<u>918</u>	<u>-0-</u>	<u>2,258</u>
<b>Total Operating Expenses</b>	<b>3,752,505</b>	<b>2,167,977</b>	<b>-0-</b>	<b>5,920,482</b>
<b>Operating Income before Depreciation and Amortization</b>	<b>163,138</b>	<b>17,290</b>	<b>-0-</b>	<b>180,428</b>
Depreciation and amortization	<u>732</u>	<u>144,905</u>	<u>-0-</u>	<u>145,637</u>
<b>Operating Income (Loss)</b>	<b>162,406</b>	<b>( 127,615)</b>	<b>-0-</b>	<b>34,791</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Forgiveness of debt	-0-	453,331	-0-	453,331
Interest and finance costs	( 7,491)	( 69,767)	-0-	( 77,258)
Interest income	<u>610</u>	<u>65</u>	<u>-0-</u>	<u>675</u>
<b>Net Nonoperating Revenues (Expenses)</b>	<b>( 6,881)</b>	<b>383,629</b>	<b>-0-</b>	<b>376,748</b>
<b>CHANGE IN NET ASSETS</b>	<b>155,525</b>	<b>256,014</b>	<b>-0-</b>	<b>411,539</b>
<b>NET ASSETS - BEGINNING</b>	<b><u>674,276</u></b>	<b><u>675,401</u></b>	<b><u>-0-</u></b>	<b><u>1,349,677</u></b>
<b>NET ASSETS - ENDING</b>	<b><u>\$ 829,801</u></b>	<b><u>\$ 931,415</u></b>	<b><u>\$ -0-</u></b>	<b><u>\$ 1,761,216</u></b>

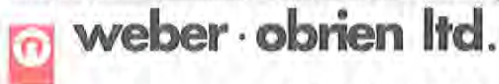
TOLEDO - LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
COMBINING STATEMENT OF TLCCVB CASH FLOWS  
Year Ended December 31, 2011

	Huntington Center	Seagate Convention Centre	Eliminating Entries	TLCCVB Combined Total
<b>CASH FLOWS FROM OPERATIONS</b>				
Cash Received from Customers, Contributions and Subsidies	\$ 3,957,013	\$ 2,133,663	\$ -0-	\$ 6,090,676
Cash Payments to Suppliers for Goods and Services	( 2,333,989)	( 1,149,675)	-0-	( 3,483,664)
Cash Payments to Employees for Services	( 1,420,225)	( 1,117,494)	-0-	( 2,537,719)
NET CASH PROVIDED BY (USED IN) OPERATIONS	202,799	( 133,506)	-0-	69,293
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of Capital Assets	( 1,526)	( 23,287)	-0-	( 24,813)
Repayment of Long Term Debt	-0-	( 296,396)	-0-	( 296,396)
Interest paid	( 7,491)	( 69,767)	-0-	( 77,258)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	( 9,017)	( 389,450)	-0-	( 398,467)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	610	65	-0-	675
NET CASH PROVIDED BY INVESTING ACTIVITIES	610	65	-0-	675
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	194,392	( 522,891)	-0-	( 328,499)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,229,789	877,776	-0-	3,107,565
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,424,181</u>	<u>\$ 354,885</u>	<u>\$ -0-</u>	<u>\$ 2,779,066</u>

TOLEDO - LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
COMBINING STATEMENT OF TLCCVB CASH FLOWS, CONTINUED  
Year Ended December 31, 2011

	<u>Huntington Center</u>	<u>Seagate Convention Centre</u>	<u>Eliminating Entries</u>	<u>TLCCVB Combined Total</u>
<b>CASH FLOWS FROM OPERATIONS</b>				
Operating income (loss)	\$ 162,406	(\$ 127,615)	\$ -0-	\$ 34,791
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	732	144,905	-0-	145,637
Changes in operating assets and liabilities that increase (decrease) cash flows:				
Accounts receivable	( 51,196)	( 43,893)	-0-	(95,089)
Sponsorship receivable	( 4,729)	-0-	-0-	(4,729)
Other assets and liabilities	( 6,911)	2,391	-0-	(4,520)
Security deposits	100	7,526	-0-	7,626
Accrued real estate taxes	-0-	( 52)	-0-	(52)
Accounts payable	15,178	( 109,242)	-0-	(94,064)
Accrued payroll and payroll taxes	( 13,486)	( 4,764)	-0-	(18,250)
Deferred revenue	89,552	34	-0-	89,586
Other accrued liabilities	11,153	( 2,796)	-0-	8,357
Total adjustments	<u>40,393</u>	<u>( 5,891)</u>	<u>-0-</u>	<u>34,502</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATIONS</b>	<u>\$ 202,799</u>	<u>(\$ 133,506)</u>	<u>\$ -0-</u>	<u>\$ 69,293</u>

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**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**

To the Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.  
Toledo, Ohio

We have audited the accompanying statement of net assets of Toledo-Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio, and of its discretely presented component unit, Destination Toledo, Inc. (Collectively "Organization"), as of December 31, 2011 and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated April 24, 2012. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

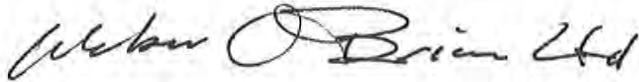
To the Board of Trustees  
Toledo-Lucas County Convention and Visitors Bureau, Inc.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Organization in a separate letter dated April 24, 2012.

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



April 24, 2012



# Dave Yost • Auditor of State

TOLEDO LUCAS COUNT CONVENTION AND VISITORS BUREAU

LUCAS 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 28, 2012