

**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, 2012**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Toledo-Lucas County Convention and Visitors Bureau, Inc., Lucas County, prepared by Weber O'Brien Ltd., for the audit period January 1, 2012 through December 31, 2012. 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 Visitors Bureau, Inc. 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 7, 2013

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**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**

**AUDITED FINANCIAL STATEMENTS**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on Financial Statements

We have audited the accompanying 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. (collectively the "Organization") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

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, 2012, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 8 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The supplementary information on pages 24 - 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated April 24, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



April 24, 2013

**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, 2012**

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, 2012. 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 hosted 13 concerts including 7 sold out shows, 16 family shows, 19 sports & entertainment events and 36 Walleye games.
- The SeaGate Centre had a banner year hosting 15 banquets, 25 consumer shows, 65 conventions, 16 family shows, 65 sporting events and numerous meetings.
- Assets exceeded liabilities and deferred inflows for the Organization by \$3,243,543 as of December 31, 2012.
- Current assets increased by \$2,126,474 and current liabilities increased by \$652,948 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 Position - This statement presents information on all the Organization's assets, liabilities and deferred inflows and outflows, with the difference reported as net position.
- Statements of Revenues, Expenses, and Changes in Net Position - This statement shows how the Organization's net position has changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.

**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, 2012**

- 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.
- 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 Position**

The tables below provide a summary of the Organization's financial position and operations for 2012 and 2011, respectively. Certain amounts may vary slightly due to differences caused by rounding to thousands.

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

	<u>TLCCVB</u>			<u>DT</u>		
	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2012</u>	<u>2011</u>	<u>Change</u>
Current Assets	\$5,623	\$3,496	\$2,127	\$147	\$182	(\$35)
Capital Assets, Net	1,897	1,795	102	13	4	9
Other	<u>235</u>	<u>235</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	7,755	5,526	2,229	160	186	( 26)
Current Liabilities	3,641	2,690	951	58	53	5
Long Term Liabilities, Net	<u>871</u>	<u>1,075</u>	<u>( 204)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	4,512	3,765	747	58	53	5
Invested in Capital Assets	946	652	294	-0-	-0-	-0-
Temporarily Restricted	593	68	525	-0-	-0-	-0-
Unrestricted	<u>1,704</u>	<u>1,041</u>	<u>663</u>	<u>102</u>	<u>133</u>	<u>( 31)</u>
Total Net Position	\$3,243	\$1,761	\$1,482	\$102	\$133	(\$31)

During 2012, net position increased by \$1,482,327 for TLCCVB and decreased by \$31,304 for DT. The majority of these changes were due to the following:

- Cash has increased \$1,620,004 for TLCCVB (largely due to tickets sales) and decreased \$25,952 for DT from 2011.
- Current liabilities increased by \$652,948 due to higher accounts payable and advance ticket sales and capital contributions received from AVI associated with the new food and beverage contract, off-set by the final payment made on the State of Ohio loan.
- Long term debt decreased due to extra principal payments being made.

**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, 2012**

The following table summarizes the changes in revenues and expenses for the Organization between 2012 and 2011:

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

	<u>2012</u>	<u>TLCCVB</u> <u>2011</u>	<u>Change</u>	<u>2012</u>	<u>DT</u> <u>2011</u>	<u>Change</u>
<b><u>Operating Revenues</u></b>						
Event Revenue	\$3,164	\$3,424	(\$ 260)	\$ -0-	\$ -0-	\$ -0-
Parking	594	518	76	-0-	-0-	-0-
Lucas County Subsidy	1,797	550	1,247	678	200	478
Other	<u>1,800</u>	<u>1,608</u>	<u>192</u>	<u>69</u>	<u>74</u>	<u>( 5)</u>
Total Operating Revenue	7,355	6,100	1,255	747	274	473
<b><u>Operating Expenses</u></b>						
Payroll and benefits	2,485	2,519	( 34)	444	421	23
Contracted services	1,290	1,253	37	26	18	8
Marketing/ Advertising	32	43	( 11)	139	74	65
Utilities	566	678	( 112)	4	3	1
Supplies	783	905	( 122)	4	1	3
Insurance	149	147	2	2	2	-0-
Other	<u>352</u>	<u>375</u>	<u>( 23)</u>	<u>156</u>	<u>117</u>	<u>39</u>
Total Operating Expense	<u>5,657</u>	<u>5,920</u>	<u>( 263)</u>	<u>775</u>	<u>636</u>	<u>139</u>
Operating Income (Loss)						
before Depreciation	1,698	180	1,518	( 28)	( 362)	(334)
Depreciation	<u>147</u>	<u>146</u>	<u>1</u>	<u>3</u>	<u>6</u>	<u>( 3)</u>
Operating Income (Loss)						
after Depreciation	1,551	34	1,517	( 31)	( 368)	(337)
<b><u>Non-Operating</u></b>						
Forgiveness of Debt	-0-	453	( 453)	-0-	-0-	-0-
Other	<u>( 69)</u>	<u>( 76)</u>	<u>7</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Non-operating	<u>( 69)</u>	<u>377</u>	<u>( 446)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Net Position	\$1,482	\$ 411	\$1,071	(\$ 31)	(\$368)	(\$337)

Operating revenues include subsidies provided by the County to fund operations and capital improvements. The amount of subsidies received by TLCCVB was \$1,796,573 and by DT was \$678,452 for the year ended December 31, 2012, which were significantly higher than amounts received in 2011. The remaining revenues largely come from event revenues.

- TLCCVB event income decreased by \$260,258 in 2012 due to the mix of events held at the Huntington Center.

**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, 2012**

- Parking income for the TLCCVB continues to increase resulting principally from the increase in attendance at events and other downtown activities. Other income decreased due to the forgiveness of debt in the prior year.

**Operating expenses**

- Utilities decreased for the TLCCVB by \$112,588 due to a rebate being issued by Toledo Edison.
- Payroll and fringe benefits decreased for the TLCCVB by \$34,411 due to less events and a reorganization of the computer department.
- Photography, printing and publications increased by \$25,933 due to DT promoting more publications.
- Advertising cost for DT increased due to the change in direction by DT.
- Supplies decreased by \$121,781 due to less production related expenses for events.

**Capital Assets**

At the end of 2012, the TLCCVB had \$1,897,339 (net of accumulated depreciation) invested in capital assets. The net investment in capital assets increased by \$101,903 during 2012. Current year depreciation expense was \$146,854. Additions to capital assets were \$248,757 including a total replacement of the roof on the SeaGate Centre. Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets.

DT capital increased by \$9,281 due to the main offices being remodeled.

**Debt Administration**

At December 31, 2012 the Organization had total long-term debt outstanding after one year of \$870,960 compared to \$1,074,881 at December 31, 2011. Extra payments on the balance due to Huntington Bank are being made as available and the final payment was made to the State.

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

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Notes Payable	\$951	\$1,294	(\$343)

**Economic Factors**

**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, 2012**

Economic factors have impacted the convention and travel industry nationwide. This is true in Toledo/Lucas County as well. 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 2012 and we are optimistic that this trend will continue in 2013. The operations of the Huntington Center continue to be strong as well are ticket 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 2013.

**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 POSITION  
December 31, 2012

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo, Inc.</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,399,070	\$ 136,028
Accounts receivable		
Trade, net of allowance of \$-0- and \$825 respectively	872,139	7,059
Sponsorship receivable	306,851	-0-
Prepaid expenses	44,791	4,335
<b>Total current assets</b>	5,622,851	147,422
<b>CAPITAL ASSETS</b>		
Parking rights	1,175,000	-0-
Depreciable Capital assets, net	722,339	13,132
<b>Total capital assets</b>	1,897,339	13,132
<b>OTHER ASSETS - restricted cash</b>	235,000	-0-
<b>Total assets</b>	7,755,190	160,554
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	527,165	7,118
Accounts payable - Lucas County	23,480	-0-
Current portion long term liabilities	80,268	-0-
Accrued payroll and payroll taxes	273,145	25,285
Accrued real estate taxes and special assessments	38,075	-0-
Other accrued liabilities	18,770	-0-
Advance Ticket Sales	1,306,437	-0-
Unearned Revenue	1,300,306	26,174
Security deposits	73,041	-0-
<b>Total current liabilities</b>	3,640,687	58,577
<b>LONG TERM LIABILITIES</b>		
Notes payable to bank	951,228	-0-
Less: Current Portion	( 80,268)	-0-
<b>Net long term liabilities</b>	870,960	-0-
<b>Total liabilities</b>	4,511,647	58,577
<b>NET POSITION:</b>		
Invested in capital assets, net of related debt	946,111	-0-
Restricted for capital improvements	499,722	-0-
Restricted for advertising	93,207	-0-
Unrestricted	1,704,503	101,977
<b>TOTAL NET POSITION</b>	\$ 3,243,543	\$ 101,977

"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 REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Year Ended December 31, 2012

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Destination Toledo, Inc.</u>
<b>OPERATING REVENUES</b>		
Event Revenue	\$ 3,163,994	\$ -0-
Other ticketing and sponsorship revenue	805,243	-0-
Parking, net of expenses of \$42,125	593,798	-0-
Food & beverage subsidy	744,195	-0-
Lucas County subsidy	1,796,573	678,452
Membership dues	-0-	65,751
Other	<u>250,833</u>	<u>3,191</u>
<b>Total Operating Revenues</b>	<b>7,354,636</b>	<b>747,394</b>
<b>OPERATING EXPENSES</b>		
Payroll and fringe benefits	2,485,058	444,178
Utilities	565,733	3,619
Supplies, maintenance and other	783,051	4,209
Contracted Services	1,289,745	25,703
Miscellaneous	59,152	41,221
Building and equipment rent	111,337	12,057
Insurance	148,935	2,000
Marketing and advertising	32,392	139,381
Legal and Accounting	93,759	22,302
Real estate taxes and special assessments	35,501	-0-
Travel and entertainment	24,949	37,425
Dues, memberships and subscriptions	12,476	4,584
Provision for losses on accounts receivable	10,471	2,232
Postage	3,995	5,308
Photography, printing and publications	<u>-0-</u>	<u>31,559</u>
<b>Total Operating Expenses</b>	<b>5,656,554</b>	<b>775,778</b>
<b>Operating Income before Depreciation and Amortization</b>	<b>1,698,082</b>	<b>( 28,384)</b>
Depreciation and Amortization	<u>146,854</u>	<u>2,920</u>
<b>Operating Income</b>	<b>1,551,228</b>	<b>( 31,304)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest and finance costs	( 69,297)	-0-
Interest income	<u>396</u>	<u>-0-</u>
<b>Net Nonoperating Revenues (Expenses)</b>	<b>( 68,901)</b>	<b>-0-</b>
<b>CHANGE IN NET POSITION</b>	<b>1,482,327</b>	<b>( 31,304)</b>
<b>NET POSITION - BEGINNING</b>	<u>1,761,216</u>	<u>133,281</u>
<b>NET POSITION - ENDING</b>	<u>\$ 3,243,543</u>	<u>\$ 101,977</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  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2012

	<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	\$ 7,667,661	\$ 747,524
Cash Payments to Suppliers for Goods and Services	( 2,942,903)	( 321,612)
Cash Payments to Employees for Services	( 2,444,522)	( 439,663)
<b>NET CASH PROVIDED (USED) BY OPERATIONS</b>	<b>2,280,236</b>	<b>( 13,751)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	( 248,757)	( 12,201)
Repayment of Long Term Debt	( 342,574)	-0-
Interest paid	( 69,297)	-0-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>( 660,628)</b>	<b>( 12,201)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	396	-0-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>396</b>	<b>-0-</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,620,004</b>	<b>( 25,952)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>3,014,066</b>	<b>161,980</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 4,634,070</b>	<b>\$ 136,028</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, CONTINUED  
Year Ended December 31, 2012

	<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	\$ 1,551,228	(\$ 31,304)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	146,854	2,920
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	( 532,292)	1,695
Advertising receivable	17,287	-0-
Other assets and liabilities	8,535	7,615
Security deposits	5,637	-0-
Accrued real estate taxes	( 11,628)	-0-
Accounts payable	219,693	2,373
Accrued payroll and payroll taxes	40,537	4,515
Unearned Revenue	297,023	( 1,565)
Other accrued liabilities	537,362	-0-
Total adjustments	<u>729,008</u>	<u>17,553</u>
<b>NET CASH PROVIDED (USED) BY OPERATIONS</b>	<u>\$ 2,280,236</u>	<u>(\$ 13,751)</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, 2012**

**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), 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, 2012

**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.

**Measurement Focus**

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets, liabilities, and deferred cash inflows associated with the operation of the Organization are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenue) and decreases (i.e., expenses) in total net position. 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.

**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. The Organization does not accrue interest on past due accounts.

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, 2012

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

**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 five 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.

**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 \$1,796,600 and \$678,500, respectively, for the year ended December 31, 2012. \$510,250 of TLCCVB's subsidy is restricted for capital expenditures.

**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.

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, 2012

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

**Unearned Revenue**

Income from suite rentals received in advance is recognized over the term of the lease agreement. Preferred seating rights are recognized over the term of the agreement. Sponsorship income received in advance is recognized over the term of the agreement. These revenues are recognized monthly over the term of their agreements using the straight line method. Income from food and beverage vendor and SMG capital contributions is recognized as income when spent. Ticket incentives pertain to scheduled events and are recognized over the period when the scheduled events take place. Other unearned revenue for DT consists of membership dues which are recognized over the period to which the dues relate.

**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", provides guidance for accounting for uncertainty in income taxes and 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. At December 31, 2012, the Organization did not have any unrecognized tax benefits.

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.

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, 2012

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

**Net Position**

Net position represents the difference between assets and liabilities. 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.

Items 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, 2012 are \$592,929.

The Board of Trustees of the TLCCVB has designated unrestricted net position aggregating \$47,213 for capital improvements and expansions. Such amounts are not restricted, and may be designated for other purposes or eliminated at the discretion of the Board. Unrestricted net position at December 31, 2012 for TLCCVB and DT are \$1,704,503 and \$101,977, respectively.

**Subsequent Events**

Management has evaluated events and transactions from December 31, 2012 through April 24, 2013 for possible recognition or disclosure in these financial statements. This date is the date these financials were available to be issued. Note 10 includes the disclosure of a subsequent event.

**NOTE 2 - ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS**

For the year ended December 31, 2012, TLCCVB implemented GASB Statement No. 61, *"Omnibus an amendment of GASB Statements No. 14 and No. 34"*, GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements"*, GASB Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"*, and GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities"*. The implementations of GASB Statements No. 61, No. 62 and No. 65 did not have a material effect on the financial statements of TLCCVB. The implementation of GASB Statement No. 63 resulted in changes in the presentation of financial statement information.

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, 2012

**NOTE 3 - CASH AND INVESTMENTS**

**Deposits**

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.

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, 2012, the carrying amount of TLCCVB and DT's deposits were \$4,634,070 and \$136,028 respectively. At year end, none of TLCCVB's bank balance of \$4,766,679 was exposed to custodial credit risk because they were uninsured and collateralized by the financial institution's collateral pool. At year end, none of DT's bank balance of \$136,028 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, 2012.

**NOTE 4 - 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, 2012

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2012 is as follows:

<u>TLCCVB</u>	Balance at January 1, <u>2012</u>	<u>Additions</u>	<u>Dispositions</u>	Balance at December 31, <u>2012</u>
Historical Cost:				
Parking Rights	\$1,175,000	\$ -0-	\$-0-	\$1,175,000
Depreciable Capital Assets				
Building Improvements	1,042,609	216,226	-0-	1,258,835
Furniture and Fixtures	64,582	7,488	-0-	72,070
Machinery & Equipment	133,387	-0-	-0-	133,387
Computer Equipment	18,975	25,043	-0-	44,018
Other Capital Assets	<u>2,683</u>	<u>-0-</u>	<u>-0-</u>	<u>2,683</u>
Total Historical Cost	2,437,236	248,757	-0-	2,685,993
Accumulated Depreciation:				
Building Improvements	521,735	109,389	-0-	631,124
Furniture & Fixtures	28,424	10,384	-0-	38,808
Machinery & Equipment	74,668	22,805	-0-	97,473
Computer Equipment	15,038	3,739	-0-	18,777
Other Capital Assets	<u>1,935</u>	<u>537</u>	<u>-0-</u>	<u>2,472</u>
Total Accumulated Depreciation	<u>641,800</u>	<u>146,854</u>	<u>-0-</u>	<u>788,654</u>
Capital Assets, Net	<u>\$1,795,436</u>	<u>\$101,903</u>	<u>\$-0-</u>	<u>\$1,897,339</u>
Depreciation Expense Charged to Operating Activities		<u>\$146,854</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, 2012

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION, Continued**

<u>DT</u>	Balance at January 1, <u>2012</u>	<u>Additions</u>	<u>Dispositions</u>	Balance at December 31, <u>2012</u>
Historical Cost:				
Furniture and Fixtures	\$154,913	\$ -0-	\$ -0-	\$154,913
Building Improvements	<u>-0-</u>	<u>12,201</u>	<u>-0-</u>	<u>12,201</u>
Total Historical Cost	154,913	12,201	-0-	167,114
Accumulated Depreciation:				
Furniture and Fixtures	151,062	1,921	-0-	152,983
Building Improvements	<u>-0-</u>	<u>999</u>	<u>-0-</u>	<u>999</u>
Total Accumulated Depreciation	<u>151,062</u>	<u>2,920</u>	<u>-0-</u>	<u>153,982</u>
Capital Assets, Net	<u>\$ 3,851</u>	<u>\$ 9,281</u>	<u>\$ -0-</u>	<u>\$ 13,132</u>
Depreciation Expense Charged to Operating Activities		<u>\$ 2,920</u>		

**NOTE 6 - NOTES PAYABLE**

Notes outstanding at December 31, 2012 are as follows:

	Balance at December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2012</u>	Due Within <u>One Year</u>
Notes Payable to Bank	\$1,143,802	\$ -0-	\$192,574	\$951,228	\$80,268
Note Payable	<u>150,000</u>	<u>-0-</u>	<u>150,000</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$1,293,802</u>	<u>\$ -0-</u>	<u>\$342,574</u>	<u>\$951,228</u>	<u>\$80,268</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.

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, 2012

**NOTE 6 - NOTES PAYABLE, Continued**

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. A non-interest bearing promissory note in the amount of \$300,000 was issued for the remaining balance due in four equal installments with its final payment paid in 2012.

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>
2013	\$ 80,268	\$ 48,404
2014	84,031	44,642
2015	85,923	40,690
2016	<u>701,006</u>	<u>3,213</u>
<b>Total</b>	<b><u>\$951,228</u></b>	<b><u>\$136,949</u></b>

**NOTE 7 - RELATED PARTY TRANSACTIONS**

TLCCVB, under an operating lease agreement, leases 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 \$76,614 in 2012.

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, 2012

**NOTE 7 - RELATED PARTY TRANSACTIONS, Continued**

The DT reimburses TLCCVB for various personnel and administrative services provided. Total reimbursements for the year ended December 31, 2012 were \$79,242.

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, 2012.

**NOTE 8 - 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 \$13,366 for the year ended December 31, 2012. 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 \$15,039 for the year ended December 31, 2012.

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 \$50,891. As of the date of this report, management is not aware of any unfunded pension expense or withdrawal liability.

**NOTE 9 - 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.

**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, 2012**

**NOTE 10 - 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 approximately \$237,600, with additional compensation based on achieving predetermined revenue goals. Total fees paid to SMG were \$372,009 for the year ended December 31, 2012. The management agreement was renewed effective January 1, 2013 for substantially the same terms as the previous agreement.

The TLCCVB entered into a management agreement late in 2001, renewed in 2012, with the Board of Lucas County Commissioners to manage Lucas County owned parking lots for an annual fee that increases 4% every year through 2022, 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 2012 was \$99,000 and is included in parking revenue.

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 2012 under the above arrangement were \$6,373.

**NOTE 11 - CONTINGENCY**

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. The remaining unspent amount as of December 31, 2012 of \$64,735 is included on the statement of net position in deferred inflows. 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 12 - 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 2012 was \$1,796,573 and \$678,452, respectively. Lucas County is undergoing financial stress, and it is uncertain what amounts, if any, will be received from the County in the future.

TOLEDO-LUCAS COUNTY CONVENTION AND VISTORS BUREAU, INC.  
A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO  
COMBINING STATEMENT OF TLCCVB NET POSTION  
December 31, 2012

	<u>Huntington Center</u>	<u>SeaGate Convention Centre</u>	<u>Eliminating Entries</u>	<u>TLCCVB Consolidated Total</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,202,358	\$ 1,196,712	\$ -0-	\$ 4,399,070
Accounts receivable trade	448,150	511,719	(87,730)	872,139
Sponsorship receivable	306,851	-0-	-0-	306,851
Prepaid expenses	25,199	19,592	-0-	44,791
<b>Total Current Assts</b>	<u>3,982,558</u>	<u>1,728,023</u>	<u>(87,730)</u>	<u>5,622,851</u>
<b>CAPITAL ASSETS</b>				
Parking rights	-0-	1,175,000	-0-	1,175,000
Capital assets, net	24,704	697,635	-0-	722,339
<b>Total capital assets</b>	<u>24,704</u>	<u>1,872,635</u>	<u>-0-</u>	<u>1,897,339</u>
<b>OTHER ASSETS- restricted cash</b>	<u>-0-</u>	<u>235,000</u>	<u>-0-</u>	<u>235,000</u>
<b>Total assets</b>	<u>4,007,262</u>	<u>3,835,658</u>	<u>(87,730)</u>	<u>7,755,190</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable -Trade	467,121	147,774	( 87,730)	527,165
Accounts payable - Lucas County	4,830	18,650	-0-	23,480
Accrued payroll and payroll taxes	130,133	143,012	-0-	273,145
Accrued real estate taxes and special assessments	-0-	38,075	-0-	38,075
Other accrued liabilities	13,316	5,454	-0-	18,770
Security deposits	9,886	63,155	-0-	73,041
Unearned Income	799,041	501,265	-0-	1,300,306
Advance ticket sales	1,292,025	14,412	-0-	1,306,437
<b>Total current liabilities</b>	<u>2,716,352</u>	<u>931,797</u>	<u>(87,730)</u>	<u>3,560,419</u>
<b>LONG TERM LIABILITIES</b>				
Due within 1 year	-0-	80,268	-0-	80,268
Due in more than 1 year	-0-	870,960	-0-	870,960
<b>Total long term liabilities</b>	<u>-0-</u>	<u>951,228</u>	<u>-0-</u>	<u>951,228</u>
<b>Total Liabilities</b>	<u>2,716,352</u>	<u>1,883,025</u>	<u>( 87,730)</u>	<u>4,511,647</u>
<b>NET POSITION:</b>				
Invested in capital assets, net of related debt	24,704	921,407	-0-	946,111
Restricted for capital improvements	234,722	265,000	-0-	499,722
Restricted for advertising	93,207	-0-	-0-	93,207
Unrestricted	938,277	766,226	-0-	1,704,503
<b>TOTAL NET POSITION</b>	<u>\$ 1,290,910</u>	<u>\$ 1,952,633</u>	<u>\$ -0-</u>	<u>\$ 3,243,543</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  
COMBINING STATEMENT OF TLCCVB REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Year Ended December 31, 2012

	Huntington Center	SeaGate Convention Centre	Eliminating Entries	TLCCVB Consolidated Total
<b>OPERATING REVENUES</b>				
Event Revenue	\$ 2,223,219	\$ 940,775	\$ -0-	\$ 3,163,994
Other ticketing and sponsorship revenue	805,243	-0-	-0-	805,243
Parking, net of expenses of \$42,125	-0-	593,798	-0-	593,798
Food & beverage subsidy	486,951	257,244	-0-	744,195
Lucas County subsidy	245,250	1,551,323	-0-	1,796,573
Earnings from sale of exclusive rights	-0-	4,000	-0-	4,000
Other	3,767	243,066	-0-	246,833
<b>Total Operating Revenues</b>	<b>3,764,430</b>	<b>3,590,206</b>	<b>-0-</b>	<b>7,354,636</b>
<b>OPERATING EXPENSES</b>				
Payroll and fringe benefits	1,333,687	1,151,371	-0-	2,485,058
Utilities	222,363	343,370	-0-	565,733
Supplies, maintenance and other	607,148	175,903	-0-	783,051
Contracted Services	856,408	433,337	-0-	1,289,745
Miscellaneous	38,100	21,052	-0-	59,152
Building and equipment rent	65,115	46,222	-0-	111,337
Insurance	85,667	63,268	-0-	148,935
Marketing and advertising	6,488	25,904	-0-	32,392
Legal and Accounting	57,109	36,650	-0-	93,759
Real estate taxes and special assessments	-0-	35,501	-0-	35,501
Travel and entertainment	10,081	14,868	-0-	24,949
Dues, memberships and subscriptions	9,058	3,418	-0-	12,476
Provision for losses on accounts receivable	-0-	10,471	-0-	10,471
Postage	3,339	656	-0-	3,995
<b>Total Operating Expenses</b>	<b>3,294,563</b>	<b>2,361,991</b>	<b>-0-</b>	<b>5,656,554</b>
<b>Operating Income before Depreciation and Amortization</b>	<b>469,867</b>	<b>1,228,215</b>	<b>-0-</b>	<b>1,698,082</b>
Depreciation and Amortization	934	145,920	-0-	146,854
<b>Operating Income</b>	<b>468,933</b>	<b>1,082,295</b>	<b>-0-</b>	<b>1,551,228</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and finance costs	( 8,185)	( 61,112)	-0-	( 69,297)
Interest income	361	35	-0-	396
<b>Net Nonoperating Revenues (Expenses)</b>	<b>( 7,824)</b>	<b>( 61,077)</b>	<b>-0-</b>	<b>( 68,901)</b>
<b>CHANGE IN NET POSITION</b>	<b>461,109</b>	<b>1,021,218</b>	<b>-0-</b>	<b>1,482,327</b>
<b>NET POSITION - BEGINNING</b>	<b>829,801</b>	<b>931,415</b>	<b>-0-</b>	<b>1,761,216</b>
<b>NET POSITION - ENDING</b>	<b>\$ 1,290,910</b>	<b>\$ 1,952,633</b>	<b>\$ -0-</b>	<b>\$ 3,243,543</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  
COMBINING STATEMENT OF TLCCVB CASH FLOWS  
Year Ended December 31, 2012

	Huntington Center	SeaGate Convention Centre	Eliminating Entries	TLCCVB Consolidated Total
<b>CASH FLOWS FROM OPERATIONS</b>				
Cash Received from Customers, Contributions and Subsidies	\$ 3,881,714	\$ 3,785,947	\$ -0-	\$ 7,667,661
Cash Payments to Suppliers for Goods and Services	( 1,808,119)	( 1,134,784)	-0-	( 2,942,903)
Cash Payments to Employees for Services	( 1,304,097)	( 1,140,425)	-0-	( 2,444,522)
<b>NET CASH PROVIDED BY OPERATIONS</b>	<u>769,498</u>	<u>1,510,738</u>	-0-	<u>2,280,236</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of Capital Assets	( 18,016)	( 230,741)	-0-	( 248,757)
Repayment of Long Term Debt	-0-	( 342,574)	-0-	( 342,574)
Interest paid	( 8,185)	( 61,112)	-0-	( 69,297)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>( 26,201)</u>	<u>( 634,427)</u>	-0-	<u>( 660,628)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>361</u>	<u>35</u>	-0-	<u>396</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>361</u>	<u>35</u>	-0-	<u>396</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	743,658	876,346	-0-	1,620,004
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,424,181</u>	<u>589,885</u>	-0-	<u>3,014,066</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,167,839</u>	<u>\$ 1,466,231</u>	\$ -0-	<u>\$ 4,634,070</u>

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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, 2012

	<u>Huntington Center</u>	<u>SeaGate Convention Centre</u>	<u>Eliminating Entries</u>	<u>TLCCVB Consolidated Total</u>
<b>CASH FLOWS FROM OPERATIONS</b>				
Operating income	\$ 468,932	\$ 1,082,296	\$ -0-	1,551,228
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	934	145,920	-0-	146,854
Changes in operating assets and liabilities that increase (decrease) cash flows:				
Accounts receivable	( 212,402)	( 319,890)	-0-	( 532,292)
Sponsorship receivable	17,287	-0-	-0-	17,287
Other assets and liabilities	9,172	( 637)	-0-	8,535
Security deposits	1,486	4,151	-0-	5,637
Accrued real estate taxes	-0-	( 11,628)	-0-	( 11,628)
Accounts payable	139,937	79,756	-0-	219,693
Accrued payroll and payroll taxes	29,590	10,947	-0-	40,537
Unearned Revenue	( 204,196)	501,219	-0-	297,023
Other accrued liabilities	518,756	18,606	-0-	537,362
Total adjustments	<u>300,564</u>	<u>428,444</u>	<u>-0-</u>	<u>729,008</u>
<b>NET CASH PROVIDED BY OPERATIONS</b>	<u>\$ 769,496</u>	<u>\$ 1,510,740</u>	<u>\$ -0-</u>	<u>\$ 2,280,236</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, in accordance with the 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, the financial statements 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 and for the years ended December 31, 2012 and 2011 and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated April 24, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal

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

control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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, 2013.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with the Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April 24, 2013



# Dave Yost • Auditor of State

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC**

**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 20, 2013**