

Toledo-Lucas County
Convention and Visitors
Bureau, Inc.
A Component Unit of the
County of
Lucas, Ohio

Year Ended
December 31,
2014

Financial
Statements
and
Supplementary
Information



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 Auditors' Report* of the Toledo-Lucas County Convention and Visitors Bureau, Inc., Lucas County, prepared by Rehmann Robson LLC, for the audit period January 1, 2014 through December 31, 2014. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

June 11, 2015

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

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INDEPENDENT AUDITORS' REPORT

April 17, 2015

Board of Trustees
Toledo-Lucas County Convention and Visitors Bureau, Inc.
Toledo, Ohio**Report on the Financial Statements**

We have audited the accompanying financial statements of the **Toledo Lucas County Convention & Visitor's Bureau**, 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, 2014, 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 misstatements, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Organization'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 Organization'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 statements.

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

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 & Visitor's Bureau, a component unit of the County of Lucas, Ohio**, and of its discretely presented component unit, **Destination Toledo, Inc.** as of December 31, 2014, and the respective changes in its 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 3 through 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.

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 combining financial schedules on pages 20 through 22 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial schedules are the responsibility of management and were 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 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 17, 2015 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 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.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, ("TLCCVB"), and its discretely presented component unit, Destination Toledo, Inc. ("DT") (collectively, the "Organization") for the fiscal year ended December 31, 2014. This information in the MD&A should be read in conjunction with the Organization's financial statements and the corresponding notes to the financial statements.

Financial Highlights

- The Huntington Center hosted 14 concerts including 4 sold out shows, 14 family shows, 13 sports & entertainment events and 41 Walleye games.
- The SeaGate Centre hosted 13 banquets, 23 consumer shows, 23 conventions, 13 family shows, 10 assemblies and numerous meetings.
- Assets exceeded liabilities for the Organization by \$3,838,627 as of December 31, 2014.
- Current assets increased by \$221,108 and current liabilities increased by \$712,510 for the Organization over the 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, as amended, the County of Lucas, Ohio (the "County"), is defined as a "primary government" and the TLCCVB is considered a component unit of the primary government. For purposes of the TLCCVB financial statements, the TLCCVB is defined as a "primary government", and 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:

- Statement 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.
- Statement 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.
- Statement 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The table below provides a summary of the Organization's financial position and operations for 2014 and 2013, respectively. Certain amounts may vary slightly due to differences caused by rounding to thousands.

**Condensed statements of net position
December 31
(Amounts in thousands)**

	TLCCVB		Change	DT		Change
	2014	2013		2014	2013	
Current assets	\$ 4,845	\$ 4,624	\$ 221	\$ 230	\$ 193	\$ 37
Capital assets, net	3,249	2,873	376	26	18	8
Other	235	235	-	-	-	-
Total assets	<u>8,329</u>	<u>7,732</u>	<u>597</u>	<u>256</u>	<u>211</u>	<u>45</u>
Current liabilities	3,908	3,180	728	63	63	-
Long-term liabilities, net	583	749	(166)	-	-	-
Total liabilities	<u>4,491</u>	<u>3,929</u>	<u>562</u>	<u>63</u>	<u>63</u>	<u>-</u>
Net investment in capital assets	2,740	2,124	616	26	18	8
Restricted	596	1,116	(520)	-	-	-
Unrestricted	<u>502</u>	<u>563</u>	<u>(61)</u>	<u>167</u>	<u>130</u>	<u>37</u>
Total net position	<u>\$ 3,838</u>	<u>\$ 3,803</u>	<u>\$ 35</u>	<u>\$ 193</u>	<u>\$ 148</u>	<u>\$ 45</u>

During 2014, net position increased by \$35,680 for the TLCCVB and by \$45,535 for DT. The majority of these changes related to the TLCCVB and were due to the following:

- o Current assets increased by \$221,108 due to an increase in cash and trade receivables.
- o Capital assets increased due to significant asset purchases.
- o Current liabilities increased by \$712,510 due to more advance ticket sales.
- o 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

The following table summarizes the changes in revenues and expenses for the Organization between 2014 and 2013:

Condensed statements of revenues, expenses, and changes in net position
Years ended December 31
(Amounts in thousands)

	TLCCVB		Change	DT		Change
	2014	2013		2014	2013	
Operating revenues						
Event revenue	\$ 2,052	\$ 2,173	\$ (121)	\$ -	\$ -	\$ -
Parking	529	554	(25)	-	-	-
Lucas County	803	1,009	(206)	779	854	(75)
Other	2,381	2,456	(75)	102	62	40
Total operating revenue	<u>5,765</u>	<u>6,192</u>	<u>(427)</u>	<u>881</u>	<u>916</u>	<u>(35)</u>
Operating expenses						
Payroll and benefits	2,565	2,137	428	486	471	15
Contracted services	1,109	1,179	(70)	25	24	1
Marketing/advertising	42	51	(9)	151	192	(41)
Utilities	694	602	92	3	4	(1)
Supplies	517	894	(377)	6	5	1
Insurance	168	166	2	5	2	3
Other	245	325	(80)	153	165	(12)
Total operating expense	<u>5,340</u>	<u>5,354</u>	<u>(14)</u>	<u>829</u>	<u>863</u>	<u>(34)</u>
Operating income (loss)						
before depreciation	425	838	(413)	52	53	(1)
Depreciation	<u>337</u>	<u>214</u>	<u>123</u>	<u>7</u>	<u>7</u>	<u>-</u>
Operating income (loss)						
after depreciation	88	624	(536)	45	46	(1)
Non-operating						
Other	<u>(53)</u>	<u>(65)</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in net position	<u>\$ 35</u>	<u>\$ 559</u>	<u>\$ (524)</u>	<u>\$ 45</u>	<u>\$ 46</u>	<u>\$ (1)</u>

Operating revenues include lodging taxes provided by the County to fund operations and capital improvements. The amount of subsidies received by the TLCCVB was \$803,240 and by DT was \$779,123 for the year ended December 31, 2014. The remaining revenues largely come from related event revenues.

- TLCCVB event income decreased by \$121,521 in 2014 due to fewer events held at the SeaGate Centre and less concerts at the Huntington Center.
- Parking income for the TLCCVB decreased by \$25,103 in 2014 due to loss of large parking tenant and fewer events. Other income decreased due to less capital activity from AVI and SMG, resulting in less money recognized from capital dollars.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expenses

- Utilities increased for the TLCCVB by \$91,973 in 2014.
- Payroll and fringe benefits increased for the TLCCVB by \$428,140 due primarily to booking of stagehands for events at the Huntington Center. In prior year stagehands were classified as contracted services.
- Advertising cost for DT decreased due to efforts by DT to focus on advertising deemed effective.
- Supplies decreased by \$185,126 due to change in classification of expenses and fewer concerts at Huntington Center in 2014.
- Contracted services decreased due to classification of stagehands as payroll expense in 2014.

Capital Assets

At the end of 2014, the TLCCVB had \$3,248,935 (net of accumulated depreciation) invested in capital assets. The new investment in capital assets increased by \$542,459 during 2014. Current year depreciation expense was \$336,646. Additions to capital assets were \$713,013 including new boiler, stage, telescopic upgrades and computers for SeaGate Centre and ammonia chiller for Huntington Center. Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets.

DT capital assets increased by \$7,939 due to purchases of new computers and brochure display racks.

Debt Administration

At December 31, 2014, the Organization had a total long-term debt outstanding of \$582,659 compared to \$748,751 at December 31, 2013. Extra payments on the balance due to Huntington Bank are being made as funds are available.

Total Outstanding Debt at December 31: (Amounts in thousands)

	2014	2013	Change
Notes payable	\$ 583	\$ 749	\$ (166)

Economic Factors

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. Bookings were flat in 2014 but we are optimistic that they will increase in 2015. The good news was that over the past several years the hotel/motel market and booking began to improve. The operations of the Arena continue to be strong as well as are ticket sales for the events. The Convention Center has seen an increase in attendance at all types of events and bookings.

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

■ MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2014**

ASSETS	Toledo-Lucas County Convention and Visitors Bureau, Inc.	Discretely Presented Component Unit Destination Toledo, Inc.
Current assets		
Cash and cash equivalents	\$ 3,890,539	\$ 220,783
Accounts receivable		
Trade	613,621	8,900
Sponsorship receivable	302,194	-
Prepaid expenses	39,190	-
Total current assets	<u>4,845,544</u>	<u>229,683</u>
Noncurrent assets		
Capital assets:		
Parking rights	1,175,000	-
Depreciable capital assets, net	2,073,935	26,166
Total capital assets	<u>3,248,935</u>	<u>26,166</u>
Other assets - restricted cash	235,000	-
Total noncurrent assets	<u>3,483,935</u>	<u>26,166</u>
Total assets	<u>8,329,479</u>	<u>255,849</u>
LIABILITIES		
Current liabilities		
Accounts payable - trade	494,619	1,308
Accounts payable - Lucas County	18,530	-
Current portion of long-term liabilities	74,220	-
Accrued payroll and payroll taxes	188,533	29,771
Accrued real estate taxes and special assessments	37,595	-
Other accrued liabilities	164	-
Advance ticket sales	1,881,791	-
Unearned revenue	1,215,014	31,386
Security deposits	71,947	-
Total current liabilities	<u>3,982,413</u>	<u>62,465</u>
Noncurrent liabilities:		
Note payable to bank, net of current portion	508,439	-
Total liabilities	<u>4,490,852</u>	<u>62,465</u>
NET POSITION		
Net position		
Net investment of capital assets	2,740,496	26,166
Restricted for capital improvements	596,501	-
Unrestricted	501,630	167,218
Total net position	<u>\$ 3,838,627</u>	<u>\$ 193,384</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 REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2014

	Toledo-Lucas County Convention and Visitors Bureau, Inc.	Discretely Presented Component Unit Destination Toledo, Inc.
Operating revenues		
Event revenue	\$ 2,051,847	\$ -
Other ticketing and sponsorship revenue	717,386	-
Parking, net of expenses of \$103,818	528,854	-
Food & beverage	1,130,822	-
Lucas County	803,240	779,123
Membership dues	-	68,857
Other	533,386	32,848
Total operating revenues	5,765,535	880,828
Operating expenses		
Payroll and fringe benefits	2,564,876	486,208
Utilities	693,769	3,466
Supplies, maintenance and other	517,457	6,562
Contracted services	1,109,391	25,404
Miscellaneous	52,713	28,261
Building and equipment rent	34,169	11,888
Insurance	168,002	5,216
Marketing and advertising	41,935	151,039
Legal and accounting	60,751	21,383
Real estate taxes and special assessments	36,241	-
Travel and entertainment	41,271	44,749
Dues, memberships and subscriptions	14,614	7,557
Provision for losses on accounts receivable	2,101	5,726
Postage	3,112	5,137
Photography, printing and publications	-	26,123
Total operating expenses	5,340,402	828,719
Operating income before depreciation and amortization	425,133	52,109
Depreciation and amortization	336,646	6,574
Operating income	88,487	45,535
Nonoperating revenues (expenses)		
Interest and finance costs	(53,240)	-
Interest income	433	-
Net nonoperating revenues (expenses)	(52,807)	-
Change in net position	35,680	45,535
Net position, beginning of year	3,802,947	147,849
Net position, end of year	\$ 3,838,627	\$ 193,384

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, 2014

	Toledo-Lucas County Convention and Visitors Bureau, Inc.	Discretely Presented Component Unit Destination Toledo, Inc.
Cash flows from operating activities		
Cash received from customers, contributions and subsidies	\$ 6,782,801	\$ 882,654
Cash payments to suppliers for goods and services	(3,047,011)	(344,996)
Cash payments to employees for services	(2,596,525)	(484,690)
Net cash provided by operating activities	1,139,265	52,968
Cash flows from capital and related financing activities		
Purchases of capital assets	(713,013)	(14,513)
Repayment of long-term debt	(166,092)	-
Interest paid	(53,240)	-
Net cash used in capital and related financing activities	(932,345)	(14,513)
Cash flows provided by investing activities		
Interest received	433	-
Increase in cash and cash equivalents	207,353	38,455
Cash and cash equivalents, beginning of year	3,918,186	182,328
Cash and cash equivalents, end of year	\$ 4,125,539	\$ 220,783
Cash flows from operating activities		
Operating income	\$ 88,487	\$ 45,535
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	336,646	6,574
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(90,972)	1,826
Sponsorship receivable	51,289	-
Other assets	25,928	-
Security deposits	1,904	-
Accrued real estate taxes	(2,272)	-
Accounts payable	(77,639)	(4,357)
Accrued payroll and payroll taxes	(31,649)	1,518
Unearned revenue	(45,202)	1,872
Other accrued liabilities	882,745	-
Net cash provided by operating activities	\$ 1,139,265	\$ 52,968

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

1. DESCRIPTION OF THE REPORTING ENTITY

The Toledo-Lucas County Convention and Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio, ("TLCCVB"), operates the SeaGate Centre (a convention center) and Huntington Center (an arena) in the City of Toledo, Ohio. 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 its discretely presented component unit, Destination Toledo, Inc. ("DT") (collectively, the "Organization"), which was established to encourage and promote the utilization of convention, restaurant, hotel, motel and entertainment facilities in Toledo, Ohio, 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 the County which opened October 2009. TLCCVB and DT are supported primarily through event revenues, private contributions, and 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, DT.

The 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, as amended, 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 this criteria, TLCCVB is determined to be a component unit of Lucas County and DT is determined to be a component unit of TLCCVB.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements are 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.

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.

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

NOTES TO FINANCIAL STATEMENTS

B. Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and liabilities 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.

C. Use of Estimates

The preparation of financial statements in conformity 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.

D. 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.

E. 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.

F. 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. TLCCVB and 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.

G. Revenues

Operating revenues are those revenues generated directly from TLCCVB's primary business activities. These revenues include TLCCVB's portion of the County's hotel/lodging tax, event revenue, food and beverage, and sponsorships. The amount of hotel/lodging tax received by the TLCCVB and DT from the County was \$803,240 and \$779,123, respectively, for the year ended December 31, 2014.

H. 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

I. 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. Capital contributions from the food and beverage manager and facilities management company 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.

J. 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.

K. Net Position

Net position represents the difference between assets and liabilities. The net investment 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 net position as of December 31, 2014 is \$596,501, which consists of capital contributions from management agreements to be spent on future capital improvements. (See Note 11).

The Board of Trustees (the "Board") of TLCCVB has designated unrestricted net position aggregating \$47,254 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, 2014 for TLCCVB and DT are \$575,850 and \$167,218, respectively.

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

NOTES TO FINANCIAL STATEMENTS

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, 2014, the carrying amount of TLCCVB and DT's deposits were \$4,125,539 and \$220,783, respectively. At year-end, none of TLCCVB's bank balance of \$4,242,774 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 \$249,555 was exposed to custodial credit risk because it was FDIC insured.

Demand notes are collateralized at 105% 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 corporation. 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, 2014.

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

NOTES TO FINANCIAL STATEMENTS

4. PARKING RIGHTS

During 2007, the Organization purchased the rights to a portion of the parking spaces in the SeaGate Centre Parking 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.

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity is as follows for the year ended December 31, 2014:

TLCCVB	Balance at January 1, 2014	Additions	Dispositions	Balance at December 31, 2014
Parking rights	\$ 1,175,000	\$ -	\$ -	\$ 1,175,000
Depreciable capital assets				
Building improvements	1,927,232	379,024	-	2,306,256
Furniture and fixtures	269,769	171,214	-	440,983
Machinery and equipment	456,484	101,574	-	558,058
Computer equipment	44,018	61,201	1,016	104,203
Other capital assets	2,683	-	-	2,683
Total depreciable assets	<u>2,700,186</u>	<u>713,013</u>	<u>1,016</u>	<u>3,412,183</u>
Accumulated depreciation:				
Building improvements	761,873	190,777	-	952,650
Furniture and fixtures	75,971	53,303	-	129,274
Machinery and equipment	133,379	79,073	-	212,452
Computer equipment	28,713	13,492	1,016	41,189
Other capital assets	2,682	1	-	2,683
Total accumulated depreciation	<u>1,002,618</u>	<u>336,646</u>	<u>1,016</u>	<u>1,338,248</u>
Capital assets being depreciated, net	<u>1,697,568</u>	<u>376,367</u>	<u>1,016</u>	<u>2,073,935</u>
Capital assets, net	<u>\$ 2,872,568</u>	<u>\$ 376,367</u>	<u>\$ -</u>	<u>\$ 3,248,935</u>
Depreciation expense charged to operating activities		<u>\$ 336,646</u>		

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

NOTES TO FINANCIAL STATEMENTS

DT	Balance at January 1, 2014	Additions	Dispositions	Balance at December 31, 2014
Historical cost:				
Furniture and fixtures	\$ 167,313	\$ 6,042	\$ -	\$ 173,355
Leasehold improvements	-	8,471	-	8,471
Building improvements	<u>12,201</u>	<u>-</u>	<u>-</u>	<u>12,201</u>
Total historical cost	<u>179,514</u>	<u>14,513</u>	<u>-</u>	<u>194,027</u>
Accumulated depreciation:				
Furniture and fixtures	157,848	4,134	-	161,982
Leasehold improvements	-	-	-	-
Building improvements	<u>3,439</u>	<u>2,440</u>	<u>-</u>	<u>5,879</u>
Total accumulated depreciation	<u>161,287</u>	<u>6,574</u>	<u>-</u>	<u>167,861</u>
Capital assets, net	<u>\$ 18,227</u>	<u>\$ 7,939</u>	<u>\$ -</u>	<u>\$ 26,166</u>
Depreciation expense charged to operating activities		<u>\$ 6,574</u>		

6. NOTES PAYABLE

Notes outstanding are as follows at December 31, 2014:

	Balance at January 1, 2014	Additions	Reductions	Balance at December 31, 2014	Due Within One Year
Notes payable to bank	\$ 748,751	\$ -	\$ 166,092	\$ 582,659	74,220

During 2007, TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of the SeaGate Centre Parking 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 position.

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 loan requires monthly payments of \$3,337 at an interest rate of 3.50%. The promissory note was paid in full during 2014.

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

NOTES TO FINANCIAL STATEMENTS

Maturities of notes payable principal and interest are as follows:

Fiscal Year	Principal	Interest
2015	\$ 74,220	\$ 24,555
2016	<u>508,439</u>	<u>2,330</u>
Total	<u>\$ 582,659</u>	<u>\$ 26,885</u>

7. RELATED PARTY TRANSACTIONS

TLCCVB, under an operating lease agreement, leases the convention center 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. The TLCCVB incurred fees from this firm amounting to \$16,851 for 2014.

DT reimburses TLCCVB for various personnel and administrative services provided. Total reimbursements for the year ended December 31, 2014 were approximately \$33,000.

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 2014.

TLCCVB and DT receive operating revenues in the form of lodging tax collections from Lucas County. Amounts received from the County by TLCCVB and DT during 2014 was \$803,240 and \$779,123, respectively.

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 \$16,088 in 2014. DT has a defined contribution retirement plan for eligible employees, created under the authority of a resolution of the governing board. DT employee plan is administered by John Hancock 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 \$18,204 for 2014.

TLCCVB participates in an industry-wide, defined contribution, multi-employer pension plan for its union stage employees that provides for pension benefits. Contributions are based on 10% of hours worked. Pension expense under the plan amounted to \$29,283. 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

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.

10. MANAGEMENT AGREEMENTS

TLCCVB entered into management agreements with SMG during 2007 and 2009 to manage its facilities. The agreements were amended and consolidated on January 1, 2013 and will expire on December 31, 2017 with an option for TLCCVB to extend for an additional five-year term. The management agreement provides for a current annual fixed fee of approximately \$244,000, with additional compensation based on achieving predetermined revenue goals. Total fees paid to SMG were \$389,140 for 2014.

TLCCVB entered into a management agreement late in 2001, renewed in 2012, with the Board of Lucas County Commissioners to manage the County owned parking lots for an annual fee that increases by the preceding years Consumer Price Index through 2021, with the fee to be received by March 1. 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 2014 was \$102,595 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 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 75% to TLCCVB and 25% to the owner. Net parking receipts to the Organization for 2014 under the above arrangement were \$35,703.

TLCCVB has entered into an agreement with AVI Foodsystems, Inc. ("AVI") to manage its food and beverage operations. The agreement expires June 30, 2019. Under this agreement, AVI retains the proceeds of food and beverage sales at TLCCVB facilities and pays TLCCVB a guaranteed annual amount and additional compensation if facility sales exceed certain target amounts. If facility food and beverage sales exceed certain targets, TLCCVB may be obligated to pay an incentive management fees to AVI. TLCCVB received approximately \$1,445,000 under this agreement in 2014. The total management fee, including incentive, paid to AVI during 2014 under this agreement was \$229,004.

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

NOTES TO FINANCIAL STATEMENTS

11. CONTINGENCIES

In connection with the consolidation and amendment of the management agreement with SMG in 2013, SMG made a capital contribution to TLCCVB in the amount of \$400,000 to be used to fund mutually agreed-upon projects at the arena and convention center. The remaining unspent amount as of December 31, 2014 of \$255,750 is included in the statement of net position in unearned revenue. In the event of the expiration or termination of the TLCCVB's management agreement with SMG, the TLCCVB may be required to re-pay certain amounts of the contribution to SMG.

In connection with the management agreement with AVI, AVI made a capital contribution to TLCCVB in the amount of \$500,000 to be used to acquire certain fixtures and equipment and fund mutually agreed-upon projects at the arena and convention center. The unspent amount as of December 31, 2014 of \$101,866 is included in the statement of net position in unearned revenue. In the event of the expiration or termination of TLCCVB's management agreement with AVI, TLCCVB may be required to re-pay certain amounts of the contribution to AVI.

12. NET INVESTMENT IN CAPITAL ASSETS

Following is a summary of the net investment in capital assets as of December 31, 2014:

Capital assets	
Capital assets not being depreciated	\$ 1,175,000
Capital assets being depreciated, net	<u>2,073,935</u>
Total capital assets	<u>3,248,935</u>
Related debt	
Note payable to bank	<u>582,659</u>
Net investment in capital assets	<u>\$ 2,666,276</u>



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

**COMBINING SCHEDULE OF TLCCVB NET POSITION
DECEMBER 31, 2014**

	Huntington Center	SeaGate Convention Centre	Eliminating Entries	TLCCVB Consolidated Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,014,624	\$ 875,915	\$ -	\$ 3,890,539
Accounts receivable trade	588,196	132,138	(106,713)	613,621
Sponsorship receivable	302,194	-	-	302,194
Prepaid expenses	23,410	15,780	-	39,190
Total current assets	3,928,424	1,023,833	(106,713)	4,845,544
Noncurrent assets				
Capital assets:				
Parking rights	-	1,175,000	-	1,175,000
Capital assets, net	247,236	1,826,699	-	2,073,935
Total capital assets	247,236	3,001,699	-	3,248,935
Other assets - restricted cash	-	235,000	-	235,000
Total noncurrent assets	247,236	3,236,699	-	3,483,935
Total assets	4,175,660	4,260,532	(106,713)	8,329,479
LIABILITIES				
Current liabilities				
Accounts payable - trade	435,912	165,420	(106,713)	494,619
Accounts payable - Lucas County	-	18,530	-	18,530
Current portion of long-term liabilities	-	74,220	-	74,220
Accrued payroll and payroll taxes	93,434	95,099	-	188,533
Accrued real estate taxes and special assessments	-	37,595	-	37,595
Other accrued liabilities	-	164	-	164
Advance ticket sales	1,881,791	-	-	1,881,791
Unearned income	848,952	366,062	-	1,215,014
Security deposits	17,397	54,550	-	71,947
Total current liabilities	3,277,486	811,640	(106,713)	3,982,413
Noncurrent liabilities:				
Note payable to bank, net of current portion	-	508,439	-	508,439
Total liabilities	3,277,486	1,320,079	(106,713)	4,490,852
NET POSITION				
Net position				
Net investment in capital assets	247,236	2,493,260	-	2,740,496
Restricted for capital improvements	52,855	543,646	-	596,501
Unrestricted	598,083	(96,453)	-	501,630
Total net position	\$ 898,174	\$ 2,940,453	\$ -	\$ 3,838,627

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

**COMBINING SCHEDULE OF TLCCVB REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2014**

	Huntington Center	SeaGate Convention Centre	Eliminating Entries	TLCCVB Consolidated Total
Operating revenues				
Event revenue	\$ 1,294,279	\$ 757,568	\$ -	\$ 2,051,847
Other ticketing and sponsorship revenue	712,143	5,243	-	717,386
Parking, net of expenses of \$103,818	1,836	527,018	-	528,854
Food & beverage	901,127	229,695	-	1,130,822
Lucas County	-	803,240	-	803,240
Other	48,333	485,053	-	533,386
Total operating revenues	2,957,718	2,807,817	-	5,765,535
Operating expenses				
Payroll and fringe benefits	1,425,070	1,139,806	-	2,564,876
Utilities	411,420	282,349	-	693,769
Supplies, maintenance and other	340,259	177,198	-	517,457
Contracted services	714,208	395,183	-	1,109,391
Miscellaneous	39,571	13,142	-	52,713
Building and equipment rent	20,484	13,685	-	34,169
Insurance	91,318	76,684	-	168,002
Marketing and advertising	2,834	39,101	-	41,935
Legal and accounting	32,603	28,148	-	60,751
Real estate taxes and special assessments	919	35,322	-	36,241
Travel and entertainment	18,277	22,994	-	41,271
Dues, memberships and subscriptions	11,438	3,176	-	14,614
Provision for losses on accounts receivable	800	1,301	-	2,101
Postage	2,461	651	-	3,112
Total operating expenses	3,111,662	2,228,740	-	5,340,402
Operating income before depreciation and amortization	(153,944)	579,077	-	425,133
Depreciation and amortization	15,987	320,659	-	336,646
Operating income	(169,931)	258,418	-	88,487
Nonoperating revenues (expenses)				
Interest and finance costs	(3,869)	(49,371)	-	(53,240)
Interest income	84	349	-	433
Net nonoperating revenues (expenses)	(3,785)	(49,022)	-	(52,807)
Change in net position	(173,716)	209,396	-	35,680
Net position, beginning of year	1,071,890	2,731,057	-	3,802,947
Net position, ending of year	\$ 898,174	\$ 2,940,453	\$ -	\$ 3,838,627

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

**COMBINING SCHEDULE OF TLCCVB CASH FLOWS
YEAR ENDED DECEMBER 31, 2014**

	Huntington Center	SeaGate Convention Centre	Eliminating Entries	TLCCVB Consolidated Total
Cash flows from operating activities				
Cash received from customers, contributions and subsidies	\$ 4,001,495	\$ 3,051,612	\$ (270,306)	\$ 6,782,801
Cash payments to suppliers for goods and services	(2,182,434)	(1,134,883)	270,306	(3,047,011)
Cash payments to employees for services	(1,416,833)	(1,179,692)	-	(2,596,525)
Net cash provided by operating activities	402,228	737,037	-	1,139,265
Cash flows from capital and related financing activities				
Purchases of capital assets	(26,710)	(686,303)	-	(713,013)
Repayment of long-term debt	-	(166,092)	-	(166,092)
Interest paid	(3,869)	(49,371)	-	(53,240)
Net cash used in capital and related financing activities	(30,579)	(901,766)	-	(932,345)
Cash flows provided by investing activities				
Interest received	84	349	-	433
Increase (decrease) in cash and cash equivalents	371,733	(164,380)	-	207,353
Cash and cash equivalents, beginning of year	2,642,891	1,275,295	-	3,918,186
Cash and cash equivalents, ending of year	\$ 3,014,624	\$ 1,110,915	\$ -	\$ 4,125,539
Cash flows from operating activities				
Operating (loss) income	\$ (169,931)	\$ 258,418	\$ -	\$ 88,487
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities				
Depreciation and amortization	15,987	320,659	-	336,646
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	(136,832)	316,166	(270,306)	(90,972)
Sponsorship receivable	51,289	-	-	51,289
Other assets	5,875	20,053	-	25,928
Security deposits	1,197	707	-	1,904
Accrued real estate taxes	-	(2,272)	-	(2,272)
Accounts payable	(304,268)	(43,677)	270,306	(77,639)
Accrued payroll and payroll taxes	8,237	(39,886)	-	(31,649)
Unearned revenue	44,867	(90,069)	-	(45,202)
Other accrued liabilities	885,807	(3,062)	-	882,745
Net cash provided by operating activities	\$ 402,228	\$ 737,037	\$ -	\$ 1,139,265

**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***

April 17, 2015

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 the **Toledo Lucas County Convention & Visitor's Bureau**, a component unit of the County of Lucas, Ohio, and its discretely presented component unit, **Destination Toledo, Inc.** (collectively, the "Organization"), as of and for the year ended December 31, 2014, 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 17, 2015.

Internal Control Over Financial Reporting

In organizing 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 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*.

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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

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Dave Yost • Auditor of State

TOLEDO LUCAS COUNTY 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 23, 2015**