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

**A COMPONENT UNIT OF THE COUNTY OF LUCAS, OHIO**

Basic Financial Statements and Supplementary Information

Year Ended December 31, 2015

With Independent Auditors' Report





# 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 Clark, Schaefer, Hackett & Co., for the audit period January 1, 2015 through December 31, 2015. 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 10, 2016

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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**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Toledo-Lucas County Convention & Visitors Bureau, Inc., 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, 2015, 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.

### ***Auditors' 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 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 from 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 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 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 & Visitors Bureau, Inc., a component unit of the County of Lucas, Ohio, and its discretely presented component unit, Destination Toledo, Inc. as of December 31, 2015, 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.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents 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 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 schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 21, 2016 on our consideration of the Toledo-Lucas County Convention & Visitors Bureau, Inc.'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 Toledo-Lucas County Convention & Visitors Bureau, Inc.'s internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Toledo, Ohio  
April 21, 2016

# 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, 2015. 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 12 concerts, 13 family shows, 11 sports & entertainment events and 44 Walleye games.
- The SeaGate Centre hosted 11 banquets, 26 consumer shows, 28 conventions, 4 concerts, 2 family shows, 9 assemblies and numerous meetings.
- Assets exceeded liabilities for the Organization by \$5,370,531 as of December 31, 2015.
- Current assets increased by \$591,841 and current liabilities decreased by \$761,149 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 2015 and 2014, 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
	2015	2014		2015	2014	
Current assets	\$ 5,437	\$ 4,845	\$ 592	\$ 153	\$ 230	\$ (77)
Capital assets, net	3,154	3,249	(95)	17	26	(9)
Other	--	235	(235)	-	-	--
Total assets	<u>8,591</u>	<u>8,329</u>	<u>262</u>	<u>170</u>	<u>256</u>	<u>(86)</u>
Current liabilities	3,221	3,908	(687)	59	63	(4)
Long-term liabilities, net	--	583	(583)	-	-	-
Total liabilities	<u>3,221</u>	<u>4,491</u>	<u>(1270)</u>	<u>59</u>	<u>63</u>	<u>(4)</u>
Net investment in capital assets	3,154	2,740	414	17	26	(9)
Restricted	1,589	596	993	-	-	-
Unrestricted	627	502	125	94	167	(73)
Total net position	<u>\$ 5,370</u>	<u>\$ 3,838</u>	<u>\$ 1,532</u>	<u>\$ 111</u>	<u>\$ 193</u>	<u>\$ (82)</u>

During 2015, net position increased by \$1,531,904 for the TLCCVB and decreased by \$82,574 for DT. The majority of these changes related to the TLCCVB and were due to the following:

- Current assets increased by \$591,841 due to an increase in cash and trade receivables. This was due to more funding from Lucas County.
- Other assets decreased \$235,000 due to reduction in restricted cash because this was collateral for the garage loan that was paid off.
- Current liabilities decreased by \$761,149 due to less advance ticket sales and unearned revenue. This was due to more concerts on sale at the end of 2014 compared to 2015.
- Long-term debt decreased \$583,000 because garage loan was paid off.

# 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 2015 and 2014:

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

	TLCCVB		Change	DT		Change
	2015	2014		2015	2014	
Operating revenues						
Event revenue	\$ 1,683	\$ 2,052	\$ (369)	\$ -	\$ -	\$ -
Parking	621	529	92	-	-	-
Lucas County	2,651	803	1,848	629	779	(150)
Other	2,396	2,381	15	101	102	(1)
Total operating revenue	<u>7,351</u>	<u>5,765</u>	<u>1,586</u>	<u>730</u>	<u>881</u>	<u>(151)</u>
Operating expenses						
Payroll and benefits	2,594	2,565	29	481	486	(5)
Contracted services	1,197	1,109	88	28	25	3
Marketing/advertising	33	42	(9)	114	151	(37)
Utilities	697	694	3	3	3	--
Supplies	496	517	(21)	3	6	(3)
Insurance	175	168	7	2	5	(3)
Other	265	245	20	172	153	19
Total operating expense	<u>5,457</u>	<u>5,340</u>	<u>117</u>	<u>803</u>	<u>829</u>	<u>(26)</u>
Operating income (loss)						
before depreciation	1,894	425	1,469	(73)	52	(125)
Depreciation	<u>325</u>	<u>337</u>	<u>(12)</u>	<u>9</u>	<u>7</u>	<u>2</u>
Operating income (loss)						
after depreciation	1,569	88	1,481	(82)	45	(127)
Non-operating						
Other	<u>(37)</u>	<u>(53)</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in net position	<u>\$ 1,532</u>	<u>\$ 35</u>	<u>\$ 1,497</u>	<u>\$ (82)</u>	<u>\$ 45</u>	<u>\$ (127)</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 \$2,650,806 and by DT was \$629,348 for the year ended December 31, 2015. The remaining revenues largely come from related event revenues.

- TLCCVB event income decreased by \$368,710 in 2015 due to fewer major events (concerts) held at the Huntington Center.
- Parking income for the TLCCVB increased by \$91,841 in 2015.
- Lucas County provided \$1,199,000 in capital funding for current and future projects at Seagate Centre and Huntington Center

# 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 \$2,791 in 2015.
- Payroll and fringe benefits increased for the TLCCVB by \$28,918 due primarily to increases in wages and benefits.
- Advertising cost for DT decreased by \$37,404 due to efforts by DT to focus on advertising deemed effective.
- Supplies decreased by \$21,196 for TLCCVB due to change in classification of expenses and fewer concerts at Huntington Center in 2015.
- Contracted services increased due to additional hockey games and larger events which caused more expense in contracted cleaning, contracted security, and ushers.

### Capital Assets

At the end of 2015, the TLCCVB had \$3,154,410 (net of accumulated depreciation) invested in capital assets. Current year depreciation expense was \$325,065. 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 decreased by \$9,476 due to depreciation.

### Debt Administration

At December 31, 2015, the Organization had no long-term debt outstanding compared to \$582,659 at December 31, 2014. Extra payments on the balance due to Huntington Bank were made to pay off the previous debt.

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

	2015	2014	Change
Notes payable	\$ -	\$ 583	\$ (\$583)

### 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 2015, but we are optimistic that they will increase in 2016. 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, 2015**

ASSETS	Toledo-Lucas County Convention and Visitors Bureau, Inc.	Discretely Presented Component Unit Destination Toledo, Inc.
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,650,594	\$ 145,569
Accounts receivable		
Trade	400,373	8,124
Sponsorship receivable	340,084	-
Prepaid expenses	46,334	-
<b>Total current assets</b>	<u>5,437,385</u>	<u>153,693</u>
<b>Noncurrent assets</b>		
Capital assets:		
Parking rights	1,175,000	-
Depreciable capital assets, net	1,979,410	16,690
<b>Total capital assets</b>	<u>3,154,410</u>	<u>16,690</u>
<b>Total assets</b>	<u>8,591,795</u>	<u>170,383</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable - trade	467,583	6,321
Accounts payable - Lucas County	18,530	-
Accrued payroll and payroll taxes	206,886	22,090
Accrued real estate taxes and special assessments	96,006	-
Other accrued liabilities	245	-
Advance ticket sales	1,265,703	-
Unearned revenue	1,112,003	31,162
Security deposits	54,308	-
<b>Total current liabilities</b>	<u>3,221,264</u>	<u>59,573</u>
<b>NET POSITION</b>		
<b>Net position</b>		
Investment in capital assets	3,154,410	16,690
Restricted for capital improvements	1,588,734	-
Unrestricted	627,387	94,120
<b>Total net position</b>	<u>\$ 5,370,531</u>	<u>\$ 110,810</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, 2015**

	Toledo-Lucas County Convention and Visitors Bureau, Inc.	Discretely Presented Component Unit Destination Toledo, Inc.
<b>Operating revenues</b>		
Event revenue	\$ 1,683,137	\$ -
Other ticketing and sponsorship revenue	685,433	-
Parking, net of expenses of \$45,659	620,695	-
Food & beverage	1,440,931	-
Lucas County	2,650,806	629,348
Membership dues	-	68,308
Other	270,017	32,202
<b>Total operating revenues</b>	<b>7,351,019</b>	<b>729,858</b>
<b>Operating expenses</b>		
Payroll and fringe benefits	2,593,794	481,195
Utilities	696,560	2,652
Supplies, maintenance and other	496,261	3,090
Contracted services	1,197,254	27,996
Miscellaneous	19,810	29,039
Building and equipment rent	25,192	11,837
Insurance	174,577	2,117
Marketing and advertising	33,134	113,635
Legal and accounting	85,126	24,663
Real estate taxes and special assessments	96,466	-
Travel and entertainment	12,433	49,304
Dues, memberships and subscriptions	7,142	16,497
Provision for losses on accounts receivable	15,738	6,033
Postage	3,478	6,348
Photography, printing and publications	-	28,550
<b>Total operating expenses</b>	<b>5,456,965</b>	<b>802,956</b>
<b>Operating income before depreciation and amortization</b>	<b>1,894,054</b>	<b>(73,098)</b>
Depreciation and amortization	325,065	9,476
<b>Operating income (loss)</b>	<b>1,568,989</b>	<b>(82,574)</b>
<b>Nonoperating revenues (expenses)</b>		
Interest and finance costs	(37,934)	-
Interest income	849	-
<b>Net nonoperating (expenses)</b>	<b>(37,085)</b>	<b>-</b>
<b>Change in net position</b>	<b>1,531,904</b>	<b>(82,574)</b>
Net position, beginning of year	3,838,627	193,384
<b>Net position, end of year</b>	<b>\$ 5,370,531</b>	<b>\$ 110,810</b>

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

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

**STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2015**

	Toledo-Lucas County Convention and Visitors Bureau, Inc.	Discretely Presented Component Unit Destination Toledo, Inc.
<b>Cash flows from operating activities</b>		
Cash received from customers, contributions and subsidies	\$ 6,807,359	\$ 730,410
Cash payments to suppliers for goods and services	(2,856,578)	(316,748)
Cash payments to employees for services	(2,575,441)	(488,876)
<b>Net cash provided by (used in) operating activities</b>	<b>1,375,340</b>	<b>(75,214)</b>
<b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	(230,542)	-
Repayment of long-term debt	(582,659)	-
Interest paid	(37,934)	-
<b>Net cash used in capital and related financing activities</b>	<b>(851,135)</b>	<b>-</b>
<b>Cash flows provided by investing activities</b>		
Interest received	849	-
<b>Increase (decrease) in cash and cash equivalents</b>	<b>525,054</b>	<b>(75,214)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,125,539</b>	<b>220,783</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,650,593</b>	<b>\$ 145,569</b>
<b>Cash flows from operating activities</b>		
Operating income (loss)	\$ 1,568,989	\$ (82,574)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	325,065	9,476
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	213,248	776
Sponsorship receivable	(37,890)	-
Other assets	(7,144)	-
Accrued real estate taxes	58,411	-
Accounts payable	(27,035)	5,013
Accrued payroll and payroll taxes	18,353	(7,681)
Unearned revenue	(719,018)	(224)
Other accrued liabilities	(17,639)	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,375,340</b>	<b>\$ (75,214)</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

## 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 an original 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 and capital contributions received by the TLCCVB and DT from the County was \$2,650,806 and \$629,348, respectively, for the year ended December 31, 2015.

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, 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, 2015 is \$1,588,734, which consists of capital contributions from management agreements (See Note 11) and county funds to be spent on future capital improvements.

Unrestricted net position at December 31, 2015 for TLCCVB and DT are \$627,387 and \$94,120, 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, 2015, the carrying amount of TLCCVB and DT's deposits were \$4,650,594 and \$145,569, respectively. At year-end, none of TLCCVB's bank balance of \$4,850,399 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 \$149,908 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, 2015.

**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, 2015:

TLCCVB	Balance at January 1, 2015	Additions	Dispositions	Balance at December 31, 2015
Parking rights	\$ 1,175,000	\$ -	\$ -	\$ 1,175,000
Depreciable capital assets				
Building improvements	2,306,256	102,264	-	2,408,520
Furniture and fixtures	440,983	-	10,940	430,043
Machinery and equipment	558,058	91,135	-	649,193
Computer equipment	104,203	37,141	3,899	137,445
Other capital assets	2,683	-	-	2,683
Total depreciable assets	<u>3,412,183</u>	<u>230,540</u>	<u>14,839</u>	<u>3,627,884</u>
Accumulated depreciation:				
Building improvements	952,650	169,561	-	1,122,211
Furniture and fixtures	129,274	63,310	10,940	181,644
Machinery and equipment	212,452	72,497	-	284,949
Computer equipment	41,189	19,697	3,899	56,987
Other capital assets	2,683	-	-	2,683
Total accumulated depreciation	<u>1,338,248</u>	<u>325,065</u>	<u>14,839</u>	<u>1,648,474</u>
Capital assets being depreciated, net	<u>2,073,935</u>	<u>(94,525)</u>	<u>-</u>	<u>1,979,410</u>
Capital assets, net	<u>\$ 3,248,935</u>	<u>\$ (94,525)</u>	<u>\$ -</u>	<u>\$ 3,154,410</u>
Depreciation expense charged to operating activities		<u>\$ 325,065</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, 2015	Additions	Dispositions	Balance at December 31, 2015
Historical cost:				
Furniture and fixtures	\$ 173,355	\$ -	\$ -	\$ 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>194,027</u>	<u>-</u>	<u>-</u>	<u>194,027</u>
Accumulated depreciation:				
Furniture and fixtures	161,982	5,342	-	167,324
Leasehold improvements	-	1,694	-	1,694
Building improvements	<u>5,879</u>	<u>2,440</u>	<u>-</u>	<u>8,319</u>
Total accumulated depreciation	<u>167,861</u>	<u>9,476</u>	<u>-</u>	<u>177,337</u>
Capital assets, net	<u>\$ 26,166</u>	<u>\$ (9,476)</u>	<u>\$ -</u>	<u>\$ 16,690</u>
Depreciation expense charged to operating activities		<u>\$ 9,476</u>		

**6. NOTES PAYABLE**

Notes outstanding are as follows at December 31, 2015:

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due Within One Year
Notes payable to bank	\$ 582,659	\$ -	\$ -	\$ -	\$ -

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. This note was paid off in 2015.

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

## NOTES TO FINANCIAL STATEMENTS

### 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 \$19,765 for 2015.

DT reimburses TLCCVB for various personnel and administrative services provided. Total reimbursements for the year ended December 31, 2015 were \$33,030.

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 2015.

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 2015 was \$2,650,806 and \$629,348, 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 \$16,189 in 2015. 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 \$20,550 for 2015.

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 \$28,103. 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 \$243,000, with additional compensation based on achieving predetermined revenue goals. Total fees paid to SMG were \$388,663 for 2015.

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 2015 was \$100,584 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 2015 under the above arrangement were \$43,245.

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 \$1,587,750 under this agreement in 2015. The total management fee, including incentive, paid to AVI during 2015 under this agreement was \$239,803.

**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, 2015 of \$255,751 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, 2015 of \$83,815 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.

In connection with the TLCCVB and DT’s 501(c)(3) and 501(c)(6) exempt status, respectively, the Internal Revenue Service (IRS) indicating that its exempt state was revoked per correspondence as of May 15, 2015 for failure to file a Form 990 for three consecutive years despite qualification for the filing exemption. Both TLCCVB and DT filed a Form 8940, Request for Miscellaneous Determination, with the IRS in October, 2015 requesting a formal determination that both TLCCVB and DT were exempt from Form 990 filing requirements. In February, 2016, both TLCCVB and DT received an Information Request relating to the Form 8940 which interpreted the Form 8940 as a request for reinstatement of exempt status which the Exempt Organizational Specialist of the IRS reviewing the Form 8940 indicated they could do if both TLCCVB and DT submitted a Form 1024, Application for Recognition of Exemption Under Section 501(a), with a user fee. The Form 1024 Exemption Application with required attachments was submitted February, 2016 for both TLCCVB and DT asking that the exempt status be retroactively reinstated pursuant to qualification for the Form 990 filing exemption. The Exempt Organization Specialist of the IRS advised that the IRS office agreed that the exemption revocations were erroneous and that the exemptions would be retroactively reinstated. A letter from the IRS confirming this decision and providing that DT is exempt from the Form 990 filing requirements was received March 18, 2016. The letter for TLCCVB is still pending but is expected to be received in the near future.



**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, 2015**

ASSETS	Huntington Center	SeaGate Convention Centre	Eliminating Entries	TLCCVB Consolidated Total
<b>Current assets</b>				
Cash and cash equivalents	\$ 3,418,815	\$ 1,231,779	\$ -	\$ 4,650,594
Accounts receivable trade	358,718	104,460	(62,805)	400,373
Sponsorship receivable	340,084	-	-	340,084
Prepaid expenses	27,313	19,021	-	46,334
<b>Total current assets</b>	<b>4,144,930</b>	<b>1,355,260</b>	<b>(62,805)</b>	<b>5,437,385</b>
<b>Noncurrent assets</b>				
<b>Capital assets:</b>				
Parking rights	-	1,175,000	-	1,175,000
Capital assets, net	330,430	1,648,980	-	1,979,410
<b>Total capital assets</b>	<b>330,430</b>	<b>2,823,980</b>	<b>-</b>	<b>3,154,410</b>
<b>Total assets</b>	<b>4,475,360</b>	<b>4,179,240</b>	<b>(62,805)</b>	<b>8,591,795</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable - trade	450,072	80,316	(62,805)	467,583
Accounts payable - Lucas County	-	18,530	-	18,530
Accrued payroll and payroll taxes	90,858	116,028	-	206,886
Accrued real estate taxes and special assessments	-	96,006	-	96,006
Other accrued liabilities	-	245	-	245
Advance ticket sales	1,255,458	10,245	-	1,265,703
Unearned income	755,192	356,811	-	1,112,003
Security deposits	5,283	49,025	-	54,308
<b>Total current liabilities</b>	<b>2,556,863</b>	<b>727,206</b>	<b>(62,805)</b>	<b>3,221,264</b>
<b>NET POSITION</b>				
<b>Net position</b>				
Net investment in capital assets	330,430	2,823,980	-	3,154,410
Restricted for capital improvements	837,162	751,572	-	1,588,734
Unrestricted	750,905	(123,519)	-	627,387
<b>Total net position</b>	<b>\$ 1,918,497</b>	<b>\$ 3,452,034</b>	<b>\$ -</b>	<b>\$ 5,370,531</b>

**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, 2015**

	Huntington Center	SeaGate Convention Centre	Eliminating Entries	TLCCVB Consolidated Total
<b>Operating revenues</b>				
Event revenue	\$ 927,552	\$ 755,585	\$ -	\$ 1,683,137
Other ticketing and sponsorship revenue	685,433	-	-	685,433
Parking, net of expenses of \$45,659	93	620,602	-	620,695
Food & beverage	1,235,311	205,620	-	1,440,931
Lucas County	1,270,000	1,380,806	-	2,650,806
Other	83,196	186,821	-	270,017
<b>Total operating revenues</b>	<b>4,201,585</b>	<b>3,149,434</b>	<b>-</b>	<b>7,351,019</b>
<b>Operating expenses</b>				
Payroll and fringe benefits	1,461,703	1,132,091	-	2,593,794
Utilities	416,803	279,757	-	696,560
Supplies, maintenance and other	339,044	157,217	-	496,261
Contracted services	783,577	413,677	-	1,197,254
Miscellaneous	1,849	17,961	-	19,810
Building and equipment rent	10,482	14,710	-	25,192
Insurance	95,878	78,699	-	174,577
Marketing and advertising	5,866	27,268	-	33,134
Legal and accounting	28,162	56,964	-	85,126
Real estate taxes and special assessments	-	96,466	-	96,466
Travel and entertainment	5,876	6,557	-	12,433
Dues, memberships and subscriptions	4,501	2,641	-	7,142
Provision for losses on accounts receivable	-	15,738	-	15,738
Postage	2,618	860	-	3,478
<b>Total operating expenses</b>	<b>3,156,359</b>	<b>2,300,606</b>	<b>-</b>	<b>5,456,965</b>
<b>Operating income before depreciation and amortization</b>	<b>1,045,226</b>	<b>848,828</b>	<b>-</b>	<b>1,894,054</b>
Depreciation and amortization	18,494	306,571	-	325,065
<b>Operating income</b>	<b>1,026,732</b>	<b>542,257</b>	<b>-</b>	<b>1,568,989</b>
<b>Nonoperating revenues (expenses)</b>				
Interest and finance costs	(6,478)	(31,456)	-	(37,934)
Interest income	69	780	-	849
<b>Net nonoperating (expenses)</b>	<b>(6,409)</b>	<b>(30,676)</b>	<b>-</b>	<b>(37,085)</b>
<b>Change in net position</b>	<b>1,020,323</b>	<b>511,581</b>	<b>-</b>	<b>1,531,904</b>
Net position, beginning of year	898,174	2,940,453	-	3,838,627
<b>Net position, ending of year</b>	<b>\$ 1,918,497</b>	<b>\$ 3,452,034</b>	<b>\$ -</b>	<b>\$ 5,370,531</b>

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, 2015

	Huntington Center	SeaGate Convention Centre	Eliminating Entries	TLCCVB Consolidated Total
<b>Cash flows from operating activities</b>				
Cash received from customers, contributions and subsidies	\$ 3,673,080	\$ 3,178,187	\$ (43,908)	\$ 6,807,359
Cash payments to suppliers for goods and services	(1,696,513)	(1,203,973)	43,908	(2,856,578)
Cash payments to employees for services	(1,464,279)	(1,111,162)	-	(2,575,441)
<b>Net cash provided by operating activities</b>	<b>512,288</b>	<b>863,052</b>	<b>-</b>	<b>1,375,340</b>
<b>Cash flows from capital and related financing activities</b>				
Purchases of capital assets	(101,689)	\$ (128,853)	-	(230,542)
Repayment of long-term debt	-	(582,659)	-	(582,659)
Interest paid	(6,478)	(31,456)	-	(37,934)
<b>Net cash used in capital and related financing activities</b>	<b>(108,167)</b>	<b>(742,968)</b>	<b>-</b>	<b>(851,135)</b>
<b>Cash flows provided by investing activities</b>				
Interest received	69	780	-	849
<b>Increase in cash and cash equivalents</b>	<b>404,190</b>	<b>120,864</b>	<b>-</b>	<b>525,054</b>
Cash and cash equivalents, beginning of year	3,014,624	1,110,915	-	4,125,539
<b>Cash and cash equivalents, ending of year</b>	<b>\$ 3,418,814</b>	<b>\$ 1,231,779</b>	<b>\$ -</b>	<b>\$ 4,650,593</b>
<b>Cash flows from operating activities</b>				
Operating income	\$ 1,026,732	\$ 542,257	\$ -	\$ 1,568,989
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	18,494	306,571	-	325,065
Changes in operating assets and liabilities which provided (used) cash:				
Accounts receivable	229,478	27,678	(43,908)	213,248
Sponsorship receivable	(37,890)	-	-	(37,890)
Other assets	(3,903)	(3,241)	-	(7,144)
Security deposits	-	-	-	-
Accrued real estate taxes	-	58,411	-	58,411
Accounts payable	14,160	(85,103)	43,908	(27,035)
Accrued payroll and payroll taxes	(2,576)	20,929	-	18,353
Unearned revenue	(720,093)	1,075	-	(719,018)
Other accrued liabilities	(12,114)	(5,525)	-	(17,639)
<b>Net cash provided by operating activities</b>	<b>\$ 512,288</b>	<b>\$ 863,052</b>	<b>\$ -</b>	<b>\$ 1,375,340</b>

**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**

**INDEPENDENT AUDITORS' REPORT**

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 the Toledo-Lucas County Convention & Visitors Bureau, Inc., 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, 2015 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 21, 2016.

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

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## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Toledo, Ohio  
April 21, 2016



# 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, 2016**