



OHIO AUDITOR OF STATE  
**KEITH FABER**





**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**DECEMBER 31, 2020**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Statement of Net Position.....	9
Statement of Revenues, Expenses and Changes in Net Position .....	10
Statement of Cash Flows .....	11
Notes to the Basic Financial Statements.....	12
Schedules of Supplementary Information:	
Combining Schedule of Net Position.....	19
Combining Schedule of Revenues, Expenses and Changes in Net Position .....	20
Combining Schedule of Cash Flows .....	21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23

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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

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

We have audited the accompanying financial statements of Toledo-Lucas County Convention and Visitors Bureau, Inc., Lucas County, Ohio (the Bureau), a component unit of Lucas County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Bureau's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Bureau's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bureau, as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Bureau. We did not modify our opinion regarding this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the Bureau's basic financial statements taken as a whole.

The Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, and the Combining Schedule of Cash Flows present additional analysis and are not a required part of the basic financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021, on our consideration of the Bureau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 Bureau's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 30, 2021

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**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit of Lucas County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

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 Lucas County, Ohio, (TLCCVB), and its blended component unit, Destination Toledo (DT) (collectively, the Bureau) for the year ended December 31, 2020. This information in the MD&A should be read in conjunction with the Bureau's financial statements and the corresponding notes to the financial statements.

**Financial Highlights**

- The Huntington Center hosted 1 assembly, 2 concerts, 1 entertainment event, 2 meetings, 1 sporting event, and 1 miscellaneous event.
- The SeaGate Convention Centre hosted 1 assembly, 5 banquets, 6 consumer shows, 2 sporting events, 2 conventions, 4 meetings, 2 sporting events, and 2 miscellaneous events.

**Overview of the Financial Statements**

The Bureau'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, Lucas County, Ohio (the County), is defined as a primary government and the Bureau is considered a component unit of the primary government. For purposes of the Bureau financial statements, the TLCCVB is defined as a primary government, and DT is considered a blended component unit of the primary government; both entities utilize enterprise fund accounting.

The basic financial statements of the Bureau 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 Bureau's assets and liabilities, with the difference reported as net position.
- Statement of Revenues, Expenses and Changes in Net Position – This statement shows how the Bureau'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 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.**  
**LUCAS COUNTY**  
**(A Component Unit of Lucas County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED  
(Continued)

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

The table below provides a summary of the Bureau's financial position and operations for 2020 and 2019, respectively.

**Condensed Statements of Net Position as of December 31**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current assets	\$ 7,052,174	\$ 9,329,559	\$ (2,277,385)
Capital assets, net	<u>7,457,419</u>	<u>6,389,496</u>	<u>1,067,923</u>
Total assets	<u>14,509,593</u>	<u>15,719,055</u>	<u>(1,209,462)</u>
Total liabilities	4,551,562	5,351,078	(799,516)
Investment in capital assets	7,457,419	6,389,496	1,067,923
Restricted	102,364		102,364
Unrestricted	<u>2,398,248</u>	<u>3,978,481</u>	<u>(1,580,233)</u>
Total net position	<u>\$ 9,958,031</u>	<u>\$ 10,367,977</u>	<u>\$ (409,946)</u>

During 2020, net position decreased by \$409,946. The majority of these changes related to the TLCCVB and were due to the following:

- Current assets decreased by \$2,277,385 primarily due to a decrease in cash and cash equivalents and accounts receivable.
- Capital assets increased by \$1,067,923 primarily due to new telescopic seating at the Huntington Center.
- Current liabilities decreased by \$799,516 due to less advance ticket sales and unearned revenue.

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit of Lucas County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED  
(Continued)

The following table summarizes the changes in revenues and expenses for the Bureau between 2020 and 2019:

**Condensed Statement of Revenues, Expenses and Changes in Net Position  
for Years Ended December 31**

	2020	2019	Change
Operating revenues			
Event and related revenue, net	\$ 365,003	\$ 1,357,535	\$ (992,532)
Food and beverage/novelty	324,231	1,347,831	(1,023,600)
Ticketing and sponsorship	496,394	844,277	(347,883)
Parking, net	338,735	836,952	(498,217)
Membership Dues	52,925	72,443	(19,518)
Total operating revenue	1,577,288	4,459,038	(2,881,750)
Operating expenses			
Payroll and benefits	2,144,016	2,919,478	(775,462)
Utilities	424,021	651,915	(227,894)
Convention and tourism	265,746	392,514	(126,768)
SMG management fees	258,636	485,611	(226,975)
Contracted services	318,852	396,215	(77,363)
Repairs and maintenance	251,243	341,933	(90,690)
Other	779,099	1,015,203	(236,104)
Total operating expense	4,441,613	6,202,869	(1,761,256)
Operating loss before depreciation and amortization	(2,864,325)	(1,743,831)	(1,120,494)
Depreciation and amortization	769,048	474,436	294,612
Operating loss	(3,633,373)	(2,218,267)	(1,415,106)
Non-operating revenues			
Lucas County	2,143,494	3,083,105	(939,611)
PPP loan forgiveness	557,636		557,636
Interest income	7,297	10,690	(3,393)
Capital contributions	515,000	584,226	(69,226)
Total non-operating revenues	3,223,427	3,678,021	(454,594)
Change in net position	\$ (409,946)	\$ 1,459,754	\$ (1,869,700)

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit of Lucas County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED  
(Continued)

Non-operating revenues include lodging taxes provided by the County to fund operations and capital improvements. The amount of subsidies received by the TLCCVB was \$1,438,373 and by DT was \$705,121 for the year ended December 31, 2020. The remaining revenues largely come from related event revenues.

- TLCCVB event income decreased by \$992,532 in 2020.
- TLCCVB food and beverage/novelty income decreased by \$1,023,600 in 2020.
- Parking income for the TLCCVB decreased by \$498,217 in 2020.
- Lucas County provided \$515,000 in capital funding for current and future projects at SeaGate Centre and Huntington Center in 2020.

Operating Expenses

- Payroll and fringe benefits decreased for the TLCCVB by \$775,462 due to the COVID-19 shutdown.
- Convention and tourism costs for the TLCCVB decreased by \$126,768 due to decreased activity related to the COVID-19 shutdown.
- Contracted services decreased by \$77,363 due to decreased events related to the COVID-19 shutdown.

Capital Assets

At the end of 2020, the TLCCVB had \$7,457,419 (net of accumulated depreciation) invested in capital assets. Current year depreciation expense was \$769,048. Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets.

Economic Factors

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) disrupted regular operations and events from mid-March to the date of this report were cancelled, with a possibility of additional events being cancelled if the outbreak extends past that date. The future effects of the outbreak are still being evaluated by management.

**Contacting the Bureau's Financial Management**

This financial report is designed to provide a general overview of the Bureau's finances 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.**  
**LUCAS COUNTY**  
**(A Component Unit of Lucas County)**

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

**Assets**

Current assets:	
Cash and cash equivalents	\$ 5,964,053
Receivables:	
Trade	438,654
Sponsorship	425,679
Related party	161,179
Prepaid expenses	<u>62,609</u>
Total current assets	<u>7,052,174</u>
Noncurrent assets:	
Capital assets:	
Parking rights	1,175,000
Depreciable capital assets, net	<u>6,282,419</u>
Total noncurrent assets	<u>7,457,419</u>
Total assets	<u>14,509,593</u>

**Liabilities**

Current liabilities:	
Accounts payable - trade	115,686
Accrued payroll and payroll taxes	170,527
Accrued real estate taxes and special assessments	69,744
Advance ticket sales	1,920,438
Unearned revenue	1,260,376
Security deposits	<u>1,014,791</u>
Total liabilities	<u>4,551,562</u>

**Net Position**

Investment in capital assets	7,457,419
Restricted for capital improvements	102,364
Unrestricted	<u>2,398,248</u>
Total net position	<u>\$ 9,958,031</u>

See Accompanying Notes to the Basic Financial Statements

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit of Lucas County)**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Operating revenues</b>	
Event revenue (net of expenses)	\$ 218,057
Other ticketing and sponsorship revenue	496,394
Parking (net of expenses)	338,735
Food and beverage/novelty sales	324,231
Membership dues	52,925
Other event related	146,946
	<hr/>
Total operating revenues	<u>1,577,288</u>
<b>Operating expenses</b>	
Payroll and benefits	2,144,016
Utilities	424,021
General and administrative	263,712
Contracted services	318,852
Miscellaneous	141,059
Operating	24,648
Insurance	204,761
SMG management fees	258,636
Repairs and maintenance	251,243
Real estate taxes and special assessments	86,947
Operational supplies	55,077
Membership expenses	2,895
Convention/tourism/community expenses	265,746
	<hr/>
Total operating expenses	<u>4,441,613</u>
Operating loss before depreciation and amortization	(2,864,325)
Depreciation and amortization	769,048
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Operating loss	<u>(3,633,373)</u>
<b>Non-operating revenues</b>	
Lucas County	2,143,494
PPP loan forgiveness	557,636
Interest income	7,297
Capital contributions	515,000
	<hr/>
Total non-operating revenues	<u>3,223,427</u>
Change in net position	(409,946)
Net position, beginning of year	<u>10,367,977</u>
Net position, end of year	<u><u>\$ 9,958,031</u></u>

See Accompanying Notes to the Basic Financial Statements

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit of Lucas County)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Cash flows from operating activities</b>	
Cash received from customers, contributions and subsidies	\$ 2,988,361
Cash payments to suppliers for goods and services	(3,147,074)
Cash payments to employees for services	<u>(2,303,617)</u>
Net cash used in operating activities	<u>(2,462,330)</u>
<b>Cash flows from noncapital financing activities</b>	
Proceeds of PPP loan forgiveness	557,636
Lucas County contributions	<u>2,143,494</u>
Net cash provided by noncapital financing activities	<u>2,701,130</u>
<b>Cash flows from capital and related financing activities</b>	
Purchases of capital assets	(1,836,971)
Capital contributions	<u>515,000</u>
Net cash used in capital and related financing activities	<u>(1,321,971)</u>
<b>Cash flows provided by investing activities</b>	
Interest income	<u>7,297</u>
Decrease in cash and cash equivalents	(1,075,874)
Cash and cash equivalents, beginning of year	<u>7,039,927</u>
Cash and cash equivalents, end of year	<u><u>\$ 5,964,053</u></u>
<b>Cash flows from operating activities</b>	
Operating loss	\$ (3,633,373)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	769,048
Changes in operating assets and liabilities:	
Trade receivable	697,283
Sponsorship receivable	135,710
Related party receivable	338,821
Other assets	29,697
Other accrued liabilities	(248)
Accrued real estate taxes and special assessments	(17,203)
Accounts payable - trade	(861,723)
Accrued payroll and payroll taxes	(159,601)
Unearned revenue (includes advanced ticket sales)	(693,895)
Security deposits	<u>933,154</u>
Net cash used in operating activities	<u><u>\$ (2,462,330)</u></u>

See Accompanying Notes to the Basic Financial Statements

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit Of Lucas County)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**1. DESCRIPTION OF THE REPORTING**

The Toledo-Lucas County Convention and Visitors Bureau, Inc., a component unit of Lucas County, 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 blended component unit, Destination Toledo (DT) (collectively, the Bureau), 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 Bureau. The Huntington Center is an 8,000 plus seat multi-purpose arena owned by the County which opened October 2009. The TLCCVB and DT are supported primarily through event revenues, private contributions, and Lucas County subsidies.

For financial reporting purposes, the TLCCVB is a component unit of Lucas County as the county appoints the TLCCVB's Board of Trustees and is financially accountable for, and provides significant subsidies to, the TLCCVB and its blended 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 are the ability of the primary government to impose its will upon the potential component unit. Based on these criteria, the TLCCVB is determined to be a component unit of Lucas County and DT is determined to be a blended component unit of the TLCCVB.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING**

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 a single Enterprise Fund.

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.

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 Bureau 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 Bureau finances and meets the cash flow needs of its enterprise activity.



**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit Of Lucas County)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

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 Bureau considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. 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 Bureau 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. The 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 the TLCCVB's primary business activities. These revenues include event revenue, parking, food and beverage, and sponsorships.

H. 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 the 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.

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit Of Lucas County)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

I. Compensated Absences

The Bureau 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.

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 the 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. The 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 investment in capital assets consists of capital assets, net of accumulated depreciation.

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.

The Board of Trustees (the Board) of the TLCCVB has designated unrestricted net position aggregating 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, 2020 for the Bureau is \$2,398,248.

**3. CASH AND INVESTMENTS**

**Deposits**

Protection of the TLCCVB and DT's deposits are 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 Bureau, there are no Ohio Revised Code statutory requirements regarding the investment of funds held by the Bureau.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Bureau will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2020, the carrying amount of the Bureau's deposits were \$5,964,053. At year-end, \$5,458,286 of the Bureau's bank balance of \$5,958,286 was exposed to custodial credit risk because they were uninsured and collateralized by the financial institution's collateral pool.

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit Of Lucas County)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

**4. PARKING RIGHTS**

During 2007, the Bureau 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, 2020:

	Balance at January 1, 2020	Additions	Dispositions	Balance at December 31, 2020
Nondepreciable capital assets				
Parking rights	\$ 1,175,000			\$ 1,175,000
Total nondepreciable assets	1,175,000			1,175,000
Depreciable capital assets				
Building improvements	5,579,929	\$ 1,676,580		7,256,509
Furniture and fixtures	1,315,503	88,539		1,404,042
Machinery and equipment	1,097,407	64,112		1,161,519
Computer equipment	697,687			697,687
Office equipment	30,568			30,568
Other capital assets	46,569	7,740		54,309
Total depreciable assets	8,767,663	1,836,971		10,604,634
Accumulated depreciation:				
Building improvements	2,042,756	422,212		2,464,968
Furniture and fixtures	629,698	112,884		742,582
Machinery and equipment	591,693	106,506		698,199
Computer equipment	261,963	114,662		376,625
Office equipment	15,962	7,362		23,324
Other capital assets	11,095	5,422		16,517
Total accumulated depreciation	3,553,167	769,048		4,322,215
Capital assets being depreciated, net	5,214,496	1,067,923		6,282,419
Capital assets, net	\$ 6,389,496	\$ 1,067,923		\$ 7,457,419
Depreciation expense charged to operating activities		\$ 769,048		

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit Of Lucas County)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

**6. RELATED PARTY TRANSACTIONS**

The 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.

The TLCCVB retains a law firm of which a partner is a trustee of the TLCCVB. The TLCCVB incurred fees from this firm amounting to \$12,255 for 2020.

DT reimburses the TLCCVB for various personnel and administrative services provided. Total reimbursements for the year ended December 31, 2020 were approximately \$36,292.

DT leases office space from the TLCCVB on a month-to-month basis for \$750 per month. Total rental expense under the month-to-month lease was \$9,000 for 2020.

The TLCCVB and DT receive operating revenues in the form of lodging tax collections from Lucas County. Amounts received from the county by the TLCCVB and DT during 2020 were \$1,438,373 and \$705,121, respectively. The TLCCVB also received \$515,000 in capital contributions from the county.

**7. RETIREMENT AND OTHER BENEFIT PLANS**

The 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 the TLCCVB are discretionary based on employees' deferral contribution on an annual basis. Employer contributions to the plan were \$18,965 in 2020. 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 percent of its employees' gross salaries. In addition, DT makes matching contributions at a rate of 75 percent of employee contributions up to a maximum of 1 percent of an employee's gross salary. Employer contributions to the plans were \$15,913 for 2020.

The 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 percent of gross wages earned. Pension expense under the plan amounted to \$4,348 in 2020.

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

**8. INSURANCE**

The Bureau 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 Bureau is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and injuries to employees. The Bureau also maintains Directors' and Officers' liability insurance with an aggregate limit of insurance of \$2,000,000.

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit Of Lucas County)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

**9. MANAGEMENT AGREEMENTS**

The TLCCVB entered into management agreements with ASM Global during 2007 and 2009 to manage its facilities. The agreements were originally amended and consolidated on January 1, 2013 and expired on December 31, 2017 with an option for the TLCCVB to extend for an additional five-year term. The agreements were amended, and the extension was approved on December 13, 2016 and will expire December 31, 2022. The management agreement provides for a current annual fixed fee of approximately \$255,317, with additional compensation based on achieving predetermined revenue goals. Total fees paid to ASM Global were \$258,636 for 2020.

The 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 the TLCCVB to cover all costs including labor, repair and maintenance, taxes and utilities of the lots. Management income for 2020 was \$100,792 and is included in parking revenue.

The parking receipts from these lots are to replace the receipts from the lots lost resulting from the construction of a new ballpark. Stated in the agreement is a clause that if net parking receipts are less than \$50,000 annually, then the owner will pay the balance up to \$50,000 to the TLCCVB. Conversely, if net parking receipts exceed \$50,000, the first \$15,000 will be kept by the manager for a restricted capital reserve account for the lots. Any excess over the \$15,000 will be allocated 75 percent to the TLCCVB and 25 percent to the owner. Net parking receipts to the Bureau for 2020 under the above arrangement were \$100,792.

The TLCCVB has entered into an agreement with AVI Foodsystems, Inc. (AVI) to manage its food and beverage operations. The agreement expires June 30, 2026. Under this agreement, AVI retains the proceeds of food and beverage sales at the TLCCVB facilities and pays the TLCCVB a guaranteed annual amount and additional compensation if facility sales exceed certain target amounts. If facility food and beverage sales exceed certain targets, the TLCCVB may be obligated to pay an incentive management fee to AVI. The TLCCVB received approximately \$702,294 under this agreement in 2020. The total management fee, including incentive, paid to AVI during 2020 under this agreement was \$110,406.

**10. CONTINGENCIES**

In connection with the consolidation and amendment of the management agreement with ASM Global in 2013, ASM Global made a capital contribution to the TLCCVB in the amount of \$400,000 and an additional \$300,000 in 2016 at the contract renewal to be used to fund mutually agreed-upon projects at the arena and convention center. The remaining unspent amount as of December 31, 2020 of \$555,750 is included in the statement of net position in unearned revenue. In the event of the expiration or termination of the the TLCCVB's management agreement with ASM Global, the TLCCVB may be required to re-pay certain amounts of the contribution to ASM Global.

In connection with the management agreement with AVI in 2012, AVI made a capital contribution to the TLCCVB in the amount of \$500,000 and an additional \$280,000 in 2019 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, 2020 of \$2,591 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 AVI, the TLCCVB may be required to re-pay certain amounts of the contribution to AVI.

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit Of Lucas County)**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Bureau. In addition, the impact on the Bureau's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**11. PPP LOAN FORGIVENESS**

On May 8, 2020, the Bureau received two loans, one for the TLCCVB and DT each, in the total amount of \$557,636 under the Payroll Protection Program (PPP). The loans' accrued interests were at a rate of 1 percent and had an original maturity date of two years which could be extended to five years by mutual agreement of the Bureau and the lender. Payments were deferred during the Deferral Period. The Deferral Period was the period beginning on the date of the PPP loan and ending 10 months after the last day of the covered period (Deferral Expiration Date). Any amounts not forgiven under the Program would have been payable in equal installments of principal plus any interest owed on the payment date from the Deferral Expiration Date through the Maturity Date. Additionally, any accrued interest that was not forgiven under the Program would have been due on the First Payment Date, which is the 15<sup>th</sup> of the month following the month in which the Deferral Expiration Date occurs.

The Bureau acted in compliance with the program and was awarded 100 percent forgiveness of the PPP loans for the TLCCVB and DT on January 28, 2021 and February 19, 2021, respectively. The forgiveness is reported as non-operating revenue and due to operating on an accrual basis, there is no liability recorded in the basic financial statements.

**12. SUBSEQUENT EVENT**

The TLCCVB approved a loan under the Payroll Protection Program (PPP) on March 26, 2021, with Huntington National Bank, to provide protection of the Bureau's ability to pay its employees due to budget concerns from the COVID-19 pandemic. The loan amount is \$461,067, with a term of five years. By acting in compliance with the PPP, the Bureau believes the PPP loan will be forgiven in full. If no portion of loan principal balance is forgiven, the first principal payment will be due in 2022.

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
(A Component Unit of Lucas County)

**COMBINING SCHEDULE OF NET POSITION**  
**DECEMBER 31, 2020**

	<b>Huntington Center</b>	<b>SeaGate Convention Centre</b>	<b>Eliminating Entries</b>	<b>Destination Toledo</b>	<b>Total</b>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 3,749,351	\$ 2,105,450		\$ 109,252	\$ 5,964,053
Receivables:					
Trade	335,097	134,401	\$ (96,723)	65,879	438,654
Sponsorship	425,679				425,679
Related party		56,058		105,121	161,179
Prepaid expenses	45,644	16,965			62,609
Total current assets	<u>4,555,771</u>	<u>2,312,874</u>	<u>(96,723)</u>	<u>280,252</u>	<u>7,052,174</u>
Noncurrent assets:					
Capital assets:					
Parking rights		1,175,000			1,175,000
Depreciable capital assets, net	3,756,659	2,495,654		30,106	6,282,419
Total noncurrent assets	<u>3,756,659</u>	<u>3,670,654</u>		<u>30,106</u>	<u>7,457,419</u>
Total assets	<u>8,312,430</u>	<u>5,983,528</u>	<u>(96,723)</u>	<u>310,358</u>	<u>14,509,593</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable - trade	159,790	39,459	(96,723)	13,160	115,686
Accrued payroll and payroll taxes	49,429	97,460		23,638	170,527
Accrued real estate taxes and special assessments		69,744			69,744
Advance ticket sales	1,902,718	17,720			1,920,438
Unearned income	582,774	578,228		99,374	1,260,376
Security deposits	974,362	40,429			1,014,791
Total liabilities	<u>3,669,073</u>	<u>843,040</u>	<u>\$ (96,723)</u>	<u>136,172</u>	<u>4,551,562</u>
<b>Net position</b>					
Investment in capital assets	3,756,659	3,670,654		30,106	7,457,419
Restricted for capital improvements		102,364			102,364
Unrestricted	886,698	1,367,470		144,080	2,398,248
Total net position	<u>\$ 4,643,357</u>	<u>\$ 5,140,488</u>		<u>\$ 174,186</u>	<u>\$ 9,958,031</u>

**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit of Lucas County)**

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Huntington Center</b>	<b>SeaGate Convention Centre</b>	<b>Destination Toledo</b>	<b>Total</b>
<b>Operating revenues</b>				
Event revenue (net of expenses)	\$ 43,653	\$ 174,404		\$ 218,057
Other ticketing and sponsorship revenue	406,644	89,750		496,394
Parking (net of expenses)		338,735		338,735
Food and beverage/novelty sales	166,162	158,069		324,231
Membership dues			\$ 52,925	52,925
Other event related	136,790	10,156		146,946
Total operating revenues	<u>753,249</u>	<u>771,114</u>	<u>52,925</u>	<u>1,577,288</u>
<b>Operating expenses</b>				
Payroll and benefits	732,455	807,595	603,966	2,144,016
Utilities	196,029	227,992		424,021
General and administrative	47,558	94,690	121,464	263,712
Contracted services	79,051	171,663	68,138	318,852
Miscellaneous	135,959	100	5,000	141,059
Operating	8,659	15,989		24,648
Insurance	116,996	87,765		204,761
SMG management fees	173,532	85,104		258,636
Repairs and maintenance	123,773	127,470		251,243
Real estate taxes and special assessments		86,947		86,947
Operational supplies	30,956	24,121		55,077
Membership expenses			2,895	2,895
Convention/tourism/community expenses			265,746	265,746
Total operating expenses	<u>1,644,968</u>	<u>1,729,436</u>	<u>1,067,209</u>	<u>4,441,613</u>
Operating loss before depreciation and amortization	(891,719)	(958,322)	(1,014,284)	(2,864,325)
Depreciation and amortization	426,119	327,935	14,994	769,048
Operating loss	<u>(1,317,838)</u>	<u>(1,286,257)</u>	<u>(1,029,278)</u>	<u>(3,633,373)</u>
<b>Non-operating revenues</b>				
Lucas County	667,172	771,201	705,121	2,143,494
PPP loan forgiveness	230,534	230,536	96,566	557,636
Interest income	1,112	6,185		7,297
Capital contributions	100,000	415,000		515,000
Total non-operating revenues	<u>998,818</u>	<u>1,422,922</u>	<u>801,687</u>	<u>3,223,427</u>
Change in net position	(319,020)	136,665	(227,591)	(409,946)
Net position, beginning of year	<u>4,962,377</u>	<u>5,003,823</u>	<u>401,777</u>	<u>10,367,977</u>
Net position, ending of year	<u>\$ 4,643,357</u>	<u>\$ 5,140,488</u>	<u>\$ 174,186</u>	<u>\$ 9,958,031</u>



**TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.**  
**LUCAS COUNTY**  
**(A Component Unit of Lucas County)**

**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Huntington Center	SeaGate Convention Centre	Eliminating Entries	Destination Toledo	Total
<b>Cash flows from operating activities</b>					
Cash received from customers, contributions and subsidies	\$ 2,360,660	\$ 780,078	\$ (53,422)	\$ (98,955)	\$ 2,988,361
Cash payments to suppliers for goods and services	(1,738,721)	(994,045)	\$ 53,422	(467,730)	(3,147,074)
Cash payments to employees for services	(825,012)	(871,495)		(607,110)	(2,303,617)
Net cash used in operating activities	<u>(203,073)</u>	<u>(1,085,462)</u>		<u>(1,173,795)</u>	<u>(2,462,330)</u>
<b>Cash flows from noncapital financing activities</b>					
Proceeds of PPP loan forgiveness	230,534	230,536		96,566	557,636
Lucas County contributions	667,172	771,201		705,121	2,143,494
Net cash provided by noncapital financing activities	<u>897,706</u>	<u>1,001,737</u>		<u>801,687</u>	<u>2,701,130</u>
<b>Cash flows from capital and related financing activities</b>					
Purchase of capital assets	(1,520,955)	(313,862)		(2,154)	(1,836,971)
Capital contributions	100,000	415,000			515,000
Net cash provided by (used in) capital and related financing activities	<u>(1,420,955)</u>	<u>101,138</u>		<u>(2,154)</u>	<u>(1,321,971)</u>
<b>Cash flows provided by investing activities</b>					
Interest income	1,112	6,185			7,297
Increase (decrease) in cash and cash equivalents	(725,210)	23,598		(374,262)	(1,075,874)
Cash and cash equivalents, beginning of year	4,474,561	2,081,852		483,514	7,039,927
Cash and cash equivalents, ending of year	<u>\$ 3,749,351</u>	<u>\$ 2,105,450</u>		<u>\$ 109,252</u>	<u>\$ 5,964,053</u>
<b>Cash flows from operating activities</b>					
Operating loss	\$ (1,317,838)	\$ (1,286,257)		\$ (1,029,278)	\$ (3,633,373)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation and amortization	426,119	327,935		14,994	769,048
Changes in operating assets and liabilities:					
Trade receivable	708,848	88,337	\$ (53,422)	(46,480)	697,283
Sponsorship receivable	135,710				135,710
Related party receivable	500,000	(56,058)		(105,121)	338,821
Other assets	(6,601)	36,298			29,697
Other accrued liabilities		(248)			(248)
Accrued real estate taxes and special assessments		(17,203)			(17,203)
Accounts payable - trade	(819,607)	(91,051)	\$ 53,422	(4,487)	(861,723)
Accrued payroll and payroll taxes	(92,557)	(63,900)		(3,144)	(159,601)
Unearned revenue (includes advanced ticket sales)	(678,997)	(14,619)		(279)	(693,895)
Security Deposits	941,850	(8,696)			933,154
Net cash used in operating activities	<u>\$ (203,073)</u>	<u>\$ (1,085,462)</u>		<u>\$ (1,173,795)</u>	<u>\$ (2,462,330)</u>

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Toledo-Lucas County Convention and Visitors Bureau, Inc., Lucas County, Ohio (the Bureau) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements and have issued our report thereon dated April 30, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Bureau.

***Internal Control over Financial Reporting***

As part of our financial statement audit, we considered the Bureau's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Bureau's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Bureau's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Bureau's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Bureau's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Bureau's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 30, 2021

# OHIO AUDITOR OF STATE KEITH FABER



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

**LUCAS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/13/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)