



The Convention and Visitors Bureau  
of Greater Cleveland, Inc. dba  
Destination Cleveland and Subsidiaries

Consolidated Financial Statements  
December 31, 2021 and 2020

Cohen & Co

[cohencpa.com](http://cohencpa.com)



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Convention and Visitors Bureau of Greater Cleveland, Inc.  
dba Destination Cleveland and Subsidiaries  
334 Euclid Avenue  
Cleveland, Ohio 44114

We have reviewed the *Independent Auditors' Report* of the Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries, Cuyahoga County, prepared by Cohen & Company, for the audit period January 1, 2021 through December 31, 2021. 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 Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 15, 2022**

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THE CONVENTION AND VISITORS BUREAU OF GREATER CLEVELAND, INC. DBA  
DESTINATION CLEVELAND AND SUBSIDIARIES

DECEMBER 31, 2021 AND 2020

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## Independent Auditors' Report

Board of Directors  
The Convention and Visitors Bureau of Greater Cleveland, Inc.  
dba Destination Cleveland and Subsidiaries

### ***Opinion***

We have audited the accompanying consolidated financial statements of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



***Report on Supplementary Information***

Our 2021 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying information on pages 24 and 25 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures 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. Our. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 June 27, 2022, on our consideration of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries' internal control over financial reporting and on our tests of their 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 Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries' internal control over financial reporting and compliance.

Cleveland, Ohio  
June 27, 2022

*Cohen & Company Ltd.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>		<u>2021</u>	<u>2020</u>
ASSETS			LIABILITIES AND NET ASSETS		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 14,619,093	\$ 15,554,643	Accounts payable and accrued expenses	\$ 576,250	\$ 365,418
Amounts due from Cuyahoga County	2,629,519	1,150,836	Grants payable		490,000
Accounts receivable	82,874	20,853	Salaries and payroll taxes payable	194,668	227,867
Prepaid expenses and other assets	704,722	467,485	Current portion of deferred lease incentive		17,224
Employee Retention Tax Credit receivable	801,404	222,342	Deferred revenue	173,826	104,982
	<u>18,837,612</u>	<u>17,416,159</u>		<u>944,744</u>	<u>1,205,491</u>
PROPERTY AND EQUIPMENT - AT COST	8,147,218	7,876,080	DEFERRED RENT	352,140	402,086
Less: Accumulated depreciation and amortization	6,532,009	6,042,866		<u>1,296,884</u>	<u>1,607,577</u>
	<u>1,615,209</u>	<u>1,833,214</u>	NET ASSETS WITHOUT DONOR RESTRICTIONS		
OTHER ASSETS			Undesignated	11,188,975	8,286,162
Investments	4,753,457	1,293,730	Board designated	2,698,360	
Other assets	125,000	100,000		<u>13,887,335</u>	<u>8,286,162</u>
	<u>4,878,457</u>	<u>1,393,730</u>	NET ASSETS WITH DONOR RESTRICTIONS		
	<u>\$ 25,331,278</u>	<u>\$ 20,643,103</u>	Capital improvement funds - General reserve	6,898,900	10,749,364
			Capital improvement funds - Special projects	3,169,000	
			Other initiatives	79,159	
				<u>10,147,059</u>	<u>10,749,364</u>
				<u>24,034,394</u>	<u>19,035,526</u>
				<u>\$ 25,331,278</u>	<u>\$ 20,643,103</u>

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

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Transient occupancy tax	\$ 10,190,425		\$ 10,190,425
Capital improvement transient occupancy tax		\$ 5,376,309	5,376,309
Less: Rocket Mortgage FieldHouse renovation	1,500,000		1,500,000
Net assets released from restriction	<u>6,005,209</u>	<u>(6,005,209)</u>	
Net transient occupancy tax	14,695,634	(628,900)	14,066,734
Partnership dues	326,487		326,487
Ad and publication	192,915		192,915
Grants		55,000	55,000
Interest and investment loss - Net	(28,739)		(28,739)
Sponsorships and contributions	29,575	20,000	49,575
Miscellaneous	50,466		50,466
Forgiveness of Paycheck Protection Program loans	2,089,940		2,089,940
Employee Retention Tax Credit income	579,062		579,062
In-kind contributions	10,761		10,761
Net assets released from restriction	<u>48,405</u>	<u>(48,405)</u>	
	<u>17,994,506</u>	<u>(602,305)</u>	<u>17,392,201</u>
<b>EXPENSES</b>			
Program services			
Destination development	1,821,730		1,821,730
Marketing	4,812,722		4,812,722
Partnerships	1,117,170		1,117,170
Sales - Convention	2,210,179		2,210,179
Services - Convention	260,867		260,867
Spirit of Cleveland	<u>50,036</u>		<u>50,036</u>
	10,272,704		10,272,704
Supporting services			
Management and general	<u>2,120,629</u>		<u>2,120,629</u>
	<u>12,393,333</u>		<u>12,393,333</u>
CHANGE IN NET ASSETS	5,601,173	(602,305)	4,998,868
NET ASSETS - BEGINNING OF THE YEAR	<u>8,286,162</u>	<u>10,749,364</u>	<u>19,035,526</u>
NET ASSETS - END OF THE YEAR	<u>\$ 13,887,335</u>	<u>\$ 10,147,059</u>	<u>\$ 24,034,394</u>

*The accompanying notes are an integral part of these consolidated statements.*

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Transient occupancy tax	\$ 5,825,741		\$ 5,825,741
Capital improvement transient occupancy tax		\$ 3,124,233	3,124,233
Less: Rock and Roll Hall of Fame and Museum	500,000		500,000
Less: Rocket Mortgage Fieldhouse renovation	1,500,000		1,500,000
Net assets released from restriction	<u>2,628,407</u>	<u>(2,628,407)</u>	
Net transient occupancy tax	6,454,148	495,826	6,949,974
Partnership dues	465,021		465,021
Ad and publication	243,094		243,094
Grants		2,455,000	2,455,000
Interest and investment income (loss) - Net	124,112		124,112
Sponsorships and contributions	39,786	52,564	92,350
Miscellaneous	34,895		34,895
Employee Retention Tax Credit income	222,342		222,342
In-kind contributions	22,023		22,023
Net assets released from restriction	<u>2,402,436</u>	<u>(2,402,436)</u>	
	<u>10,007,857</u>	<u>600,954</u>	<u>10,608,811</u>
<b>EXPENSES</b>			
Program services			
Destination development	1,587,799		1,587,799
Marketing	3,621,682		3,621,682
Partnerships	2,023,841		2,023,841
Sales - Convention	1,364,174		1,364,174
Services - Convention	246,758		246,758
Spirit of Cleveland	<u>1,845,119</u>		<u>1,845,119</u>
	10,689,373		10,689,373
Supporting services			
Management and general	<u>1,905,140</u>		<u>1,905,140</u>
	<u>12,594,513</u>		<u>12,594,513</u>
CHANGE IN NET ASSETS	(2,586,656)	600,954	(1,985,702)
NET ASSETS - BEGINNING OF THE YEAR	<u>10,872,818</u>	<u>10,148,410</u>	<u>21,021,228</u>
NET ASSETS - END OF THE YEAR	<u>\$ 8,286,162</u>	<u>\$ 10,749,364</u>	<u>\$ 19,035,526</u>

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	PROGRAM						SUPPORTING		
	Destination Development	Marketing	Partnerships	Sales - Convention	Services - Convention	Spirit of Cleveland	Total Program Services	Management and General	Total Expenses
Salaries and wages	\$ 413,372	\$ 1,335,689	\$ 386,297	\$ 853,494	\$ 86,849		\$ 3,075,701	\$ 1,227,608	\$ 4,303,309
Payroll taxes and fringe benefits	76,447	263,231	71,465	155,309	16,067		582,519	183,481	766,000
	<u>489,819</u>	<u>1,598,920</u>	<u>457,762</u>	<u>1,008,803</u>	<u>102,916</u>		<u>3,658,220</u>	<u>1,411,089</u>	<u>5,069,309</u>
Marketing, advertising and promotions	75,209	1,804,167	151,864	12,909	1,077		2,045,226	8,907	2,054,133
Professional fees	61,512	813,694	97,784	126,714	8,604	\$ 47,981	1,156,289	47,322	1,203,611
Information technology		138,646	38,178	24,783			201,607	347,687	549,294
Community support and initiatives	482,829		12,915				495,744		495,744
Occupancy	109,910	44,779	144,286	85,030	14,927		398,932	82,093	481,025
Travel and client development	129	34,527	735	302,061	17,399		354,851	82,494	437,345
Events, trade shows and meetings		840	17,863	360,262	16,134		395,099		395,099
Research		276,239					276,239	16,092	292,331
Office	20,756	34,093	84,297	38,337	6,610	1,662	185,755	37,254	223,009
Training, memberships and subscriptions	4,674	6,398	15,295	59,569	74,410	393	160,739	31,779	192,518
Convention subsidies				124,628	9,537		134,165		134,165
Destination development	113,330		1,196				114,526		114,526
Other		3,933	980	16,129	261		21,303	6,456	27,759
	<u>868,349</u>	<u>3,157,316</u>	<u>565,393</u>	<u>1,150,422</u>	<u>148,959</u>	<u>50,036</u>	<u>5,940,475</u>	<u>660,084</u>	<u>6,600,559</u>
Depreciation and amortization	<u>463,562</u>	<u>56,486</u>	<u>94,015</u>	<u>50,954</u>	<u>8,992</u>		<u>674,009</u>	<u>49,456</u>	<u>723,465</u>
Total expenses	<u>\$ 1,821,730</u>	<u>\$ 4,812,722</u>	<u>\$ 1,117,170</u>	<u>\$ 2,210,179</u>	<u>\$ 260,867</u>	<u>\$ 50,036</u>	<u>\$ 10,272,704</u>	<u>\$ 2,120,629</u>	<u>\$ 12,393,333</u>

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	PROGRAM						SUPPORTING		
	Destination Development	Marketing	Partnerships	Sales - Convention	Services - Convention	Spirit of Cleveland	Total Program Services	Management and General	Total Expenses
Salaries and wages	\$ 323,161	\$ 1,032,210	\$ 484,650	\$ 623,704	\$ 140,579	\$ 25,742	\$ 2,630,046	\$ 973,451	\$ 3,603,497
Payroll taxes and fringe benefits	96,991	214,915	138,798	156,052	66,020		672,776	163,637	836,413
	<u>420,152</u>	<u>1,247,125</u>	<u>623,448</u>	<u>779,756</u>	<u>206,599</u>	<u>25,742</u>	<u>3,302,822</u>	<u>1,137,088</u>	<u>4,439,910</u>
Community support and initiatives	353,521		814,242			1,715,000	2,882,763		2,882,763
Marketing, advertising and promotions		1,269,522	224,088	53,533			1,547,143		1,547,143
Professional fees	45,829	562,128	26,305	55,623	5,624	95,581	791,090	91,256	882,346
Occupancy	68,394	152,090	41,791	68,267	8,415		338,957	136,532	475,489
Events, trade shows and meetings			198,789	225,907	4,927	987	430,610		430,610
Information technology						3,043	3,043	288,313	291,356
Research	12,650	163,459					176,109	14,742	190,851
Office	12,337	42,952	48,316	17,271	2,550	3,022	126,448	30,892	157,340
Travel and client development	340	22,084	7,693	24,787	8,558		63,462	15,452	78,914
Training, memberships and subscriptions		957	775	36,025	1,150		38,907	23,268	62,175
Destination development	50,926					216	51,142		51,142
Other	776	4,481		10,668	469	1,528	17,922	30,229	48,151
Insurance	3,741	11,947	2,998	5,359	662		24,707	10,724	35,431
Convention subsidies				23,696			23,696		23,696
	<u>548,514</u>	<u>2,229,620</u>	<u>1,364,997</u>	<u>521,136</u>	<u>32,355</u>	<u>1,819,377</u>	<u>6,515,999</u>	<u>641,408</u>	<u>7,157,407</u>
Depreciation and amortization	619,133	144,937	35,396	63,282	7,804		870,552	126,644	997,196
Total expenses	<u>\$ 1,587,799</u>	<u>\$ 3,621,682</u>	<u>\$ 2,023,841</u>	<u>\$ 1,364,174</u>	<u>\$ 246,758</u>	<u>\$ 1,845,119</u>	<u>\$ 10,689,373</u>	<u>\$ 1,905,140</u>	<u>\$ 12,594,513</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW PROVIDED FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,998,868	\$ (1,985,702)
Noncash items included in activities:		
Depreciation and amortization of property and equipment	723,465	997,196
Amortization of deferred lease incentive	(17,224)	(41,460)
Deferred rent	(49,946)	103,295
Forgiveness of Paycheck Protection Program loans	(2,089,940)	
Realized gains on investments		(44,517)
Unrealized losses on investments	88,502	26,453
(Decrease) increase in cash and cash equivalents caused by changes in current items:		
Amounts due from Cuyahoga County	(1,478,683)	1,311,923
Accounts receivable	(62,021)	562,539
Prepaid expenses and other assets	(237,237)	345,735
Employee Retention Tax Credit receivable	(579,062)	(222,342)
Other assets	(25,000)	(25,000)
Accounts payable and accrued expenses	210,832	(863,354)
Grants payable	(490,000)	490,000
Salaries and payroll taxes payable	(33,199)	(461,296)
Deferred revenue	68,844	(140,735)
Net cash flow provided from operations	<u>1,028,199</u>	<u>52,735</u>
CASH FLOW (USED IN) PROVIDED FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(505,460)	(315,897)
Purchase of investments	(4,798,229)	(1,249,536)
Proceeds from sale of investments	1,250,000	6,064,589
	<u>(4,053,689)</u>	<u>4,499,156</u>
CASH FLOW PROVIDED FROM FINANCING ACTIVITY		
Proceeds from Paycheck Protection Program loan	<u>2,089,940</u>	
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(935,550)	4,551,891
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>15,554,643</u>	<u>11,002,752</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 14,619,093</u>	<u>\$ 15,554,643</u>

*The accompanying notes are an integral part of these consolidated statements.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The accompanying consolidated financial statements of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland (Destination Cleveland) include the accounts of its wholly-owned subsidiaries, DC CCC Investment LLC (DC CCC), and Spirit of Cleveland, Inc. (Spirit) (collectively, the Organization).

The purpose of Destination Cleveland, a non-profit organization exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code (IRC), is to drive economic impact and stimulate community vitality for Cleveland through memorable leisure, convention, and business travel experiences.

DC CCC, a limited liability company, began operations in 2018, for the purpose of investing in a local concert company.

The purpose of Spirit, a non-profit organization exempt from federal income tax under Section 501(c)(3) of the IRC, is to provide training programs to enhance the Cleveland visitor experience and destination development projects to strengthen Cleveland as a visitor destination.

COVID-19 Impact

The COVID-19 pandemic has impacted and could further impact the Organization's operations and the operations of the Organization's partners and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Organization's results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Organization's partners and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, the Organization may continue to experience adverse impacts to its operations as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Organization cannot reasonably estimate the impact at this time.

Revenue Recognition

The Organization's revenue from contracts with customers consists primarily of sponsorships and partnership dues. Sponsorship obligations are satisfied at the conclusion of conferences or events hosted by the Organization. Partnership dues, which are nonrefundable, are comprised of an exchange element based benefits provided to the partners over one year. Obligations to these partners are satisfied and recognized ratably over time as partners are simultaneously receiving and consuming the benefit of the partnership with the Organization over one year. Included in deferred revenue are partnership dues received by the Organization in advance of completing the over time performance obligation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

Total revenue recognized from contracts with customers for the years ended December 31, 2021 and 2020, amounted to approximately \$326,000 and \$465,000, respectively. Deferred revenue from contracts with customers amounted to \$245,717 as of January 1, 2020. Accounts receivable from contracts with customers were immaterial as of January 1, 2020.

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

A substantial portion of Destination Cleveland's revenue comes from the Transient Occupancy Tax, which is accounted for on an accrual basis based on reports from the Cuyahoga County (the County).

A portion of the Transient Occupancy Tax is required to be used for direct and indirect costs of capital improvements (Capital Improvement Funds), as outlined in the agreement with the City of Cleveland and the County and subject to Destination Cleveland's capital improvement policy, and further clarified by Ohio Senate Bill 310 effective on January 1, 2021. As such, Capital Improvement Funds are recorded as net assets with donor restrictions. When Capital Improvement Funds are spent, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. A receivable is recorded to the extent grants earned exceed cash advances. Conversely, deferred revenue is recorded when grant or contract cash advances exceed support earned. There were no such advances received for the year ended December 31, 2021. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The grantors may, at their discretion, request reimbursement for unallowed expenses as a result of noncompliance by the Organization with the terms of the grant. On certain grants, if advances exceed eligible costs, the funds must be returned to the grantor. No funds were required to be returned during the current year.

In 2020 and 2021, the Organization obtained government assistance through the Employee Retention Tax Credits program (ERTC). The Organization accounts for the assistance as a conditional contribution under Account Standards Codification (ASC) 958, *Not-for-Profit Entities*. Accordingly, proceeds from such assistance are recorded as a refundable advance, with the refundable advance reduced and the contribution recognized once the conditions of release have been substantially met or explicitly waived.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

During the years ended December 31, 2021 and 2020, the Organization was eligible for ERTCs under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Consolidated Appropriations Act, 2021 (CAA Act). ERTCs are refundable tax credits against certain employment taxes equal to a percentage of qualified wages an eligible employer pays to employees, as defined in the CARES Act and CAA Act. The Organization was eligible for \$579,062 and \$222,342 of ERTCs in 2021 and 2020, respectively, with \$579,062 and \$222,342 recognized in other income in 2021 and 2020, respectively, on the accompanying consolidated statement of activities and as a receivable on the consolidated statement of financial position.

Use of Accounting Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be material.

Functional Allocation of Expenses

The consolidated statements of activities and functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and fringe benefits, lease, depreciation, and overhead, which are allocated on the basis of estimates of time and effort.

Contributed Goods and Services

The Organization has recorded contributed in-kind goods and services for travel, visitor meals and entertainment and other expenses totaling \$10,761 and \$22,023 during 2021 and 2020, respectively. These in-kind goods and services have been recorded at fair value on the date of contribution and have been included in revenues and expenses in the accompanying consolidated statement of activities.

Cash and Cash Equivalents

The Organization considers all short-term securities purchased and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, except for certificates of deposits included in the Organization's investment accounts. In addition, the Organization maintains cash at major financial institutions which may, at times, exceed federally insured amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Credit Policies

Accounts receivable primarily includes receivables due from exchange transactions. These amounts are due under various payment terms.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected based on historical experience. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining receivables based on historical collectability. When receivables are determined to be uncollectible, they are written off against the allowance for doubtful accounts.

As of December 31, 2021 and 2020, management believed that all receivables were collectible and therefore no valuation allowance was necessary.

Property and Equipment

Property and equipment is stated at cost at the date of acquisition. Minor items of property and equipment are charged to expense as incurred. Depreciation and amortization are computed by the straight-line method over the following estimated useful lives of the assets:

Leasehold improvements	Term of lease
Furniture and fixtures	3-10 years
Office equipment	3-5 years
Software	3-5 years
Destination development projects	5 years

Investments

Investments are carried at fair value and consist of United States (U.S.) government bonds and certificates of deposit. Investments in securities with readily determinable fair values are reported at quoted market values. Realized and unrealized gains or losses are reflected in the accompanying consolidated statement of activities.

Advertising

Advertising costs are expensed as incurred and amounted to \$1,127,053 and \$1,242,243 for 2021 and 2020, respectively.

Income Taxes

The Organization accounts for uncertain tax positions in accordance with GAAP, which requires recognition of and disclosure related to uncertain tax positions. As of and during the years ended December 31, 2021 and 2020, the Organization did not have a liability for unrecognized tax benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split Dollar Loan Agreement

The Organization has a split dollar loan agreement with a key executive in which the Organization pays the premiums on the insurance policy in the name of the executive. The Organization accounts for split-dollar life insurance premiums that have been paid by the Organization as other assets. The balance represents the aggregate of accumulated premiums paid and are classified as such because there is an assignment, in favor of the Organization, of all proceeds of the policy to the extent of the accumulated premiums paid by the Organization. All proceeds in excess of accumulated premiums will be paid to a third-party beneficiary, and repayment will occur upon a trigger event, as defined in the agreement. The accumulated premiums as of December 31, 2021 and 2020, amounted to \$125,000 and \$100,000, respectively.

Forgivable Loans

Absent specific guidance in GAAP, the Company accounts for forgivable loans as debt in accordance with ASC 470, *Debt*, and accrues interest in accordance with the interest method under ASC 835-30, *Interest – Imputation of Interest*. Accordingly, proceeds from such loans are recorded as a liability until either the loan is, in part or wholly forgiven and the debt has been legally released or the loan is paid off.

Reclassifications

Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the presentation in the current year

Subsequent Events

Management has evaluated subsequent events through June 27, 2022, the date the consolidated financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization had investments without donor restrictions of \$4,753,457 and \$1,293,730 at December 31, 2021 and 2020, respectively, which can be drawn upon if necessary. In addition the Organization has a committed line of credit in the amount of \$2,000,000 to be drawn upon if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Organization's financial assets available to meet cash needs for general expenditures within one year were as follows at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 14,619,093	\$ 15,554,643
Amounts due from Cuyahoga County	2,629,519	1,150,836
Accounts receivable	82,874	20,853
Investments	<u>4,753,457</u>	<u>1,293,730</u>
Total financial assets, at year end	<u>22,084,943</u>	<u>18,020,062</u>
Less: Amounts unavailable for general expenditures within one year, due to:		
Grants payable		490,000
Donor imposed restrictions:		
Spirit of Cleveland initiatives	59,519	52,564
Trade show support	20,000	
Capital Improvement Funds	<u>10,067,900</u>	<u>10,696,800</u>
	<u>10,147,419</u>	<u>11,239,364</u>
Board designations:		
Convention Subsidy	<u>2,698,360</u>	<u>                    </u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,239,164</u>	<u>\$ 6,780,698</u>

3. PROPERTY AND EQUIPMENT

At December 31, 2021 and 2020, the cost of property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 2,798,270	\$ 2,783,128
Furniture and fixtures	722,461	722,461
Office equipment	567,210	619,590
Software	500,570	500,570
Destination development projects	<u>3,558,707</u>	<u>3,250,331</u>
	<u>\$ 8,147,218</u>	<u>\$ 7,876,080</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The various inputs that may be used to determine the fair value of the Organization's assets are summarized in three broad levels:

- Level 1 Quoted prices in active markets for identical securities
- Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 Significant unobservable inputs (including the Organization's own assumptions used to determine value)

Fair values of certificates of deposit approximate cost, as they are generally short-term in nature and bear market rates of interest. U.S. government bonds are valued at the closing price reported on the active market on which the individual securities are traded.

Assets measured at fair value are comprised of the following at December 31, 2021:

Description	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$	\$ 2,009,570	\$	\$ 2,009,570
U.S. government bonds	<u>2,743,887</u>			<u>2,743,887</u>
	<u>\$ 2,743,887</u>	<u>\$ 2,009,570</u>	<u>\$</u>	<u>\$ 4,753,457</u>

Assets measured at fair value are comprised of the following at December 31, 2020:

Description	Level 1	Level 2	Level 3	Total
Certificates of deposit	<u>\$</u>	<u>\$ 1,293,730</u>	<u>\$</u>	<u>\$ 1,293,730</u>

The Organization did not hold any Level 3 assets during 2021 or 2020.

5. AMOUNTS DUE FROM CUYAHOGA COUNTY

The amounts due from the County at December 31 of each year include Destination Cleveland's unremitted share of that year's Transient Occupancy Taxes. The taxes are levied under state legislation enabling the County to impose the tax and enter into an agreement to remit a portion of the amounts collected to Destination Cleveland.

Destination Cleveland is also party to an agreement with the County and the Mayor of the City of Cleveland (the Mayor) in which the County and the Mayor agreed to allocate a portion of the revenue they receive from the Capital Improvement portion of the Transient Occupancy Tax to Destination Cleveland to be used for the direct and indirect costs of capital improvements, as defined in the agreement. At December 31, 2020, the amounts due from the County include Destination Cleveland's unremitted share of the Capital Improvement Funds in the amount of \$199,181. No amounts due from the County at December 31, 2021, related to Destination Cleveland's unremitted share of the Capital Improvement Funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. LINE OF CREDIT

At December 31, 2021 and 2020, the Organization has available a line of credit, renewable annually, with a bank in the amount of \$2,000,000, expiring in October 2022. The line is secured by receivables and equipment, and bears interest at the prime rate (3.25% at December 31, 2021 and 2020). At December 31, 2021 and 2020, there was no balance outstanding and no interest was paid on the line in 2021 and 2020. The line of credit agreement contains certain non-financial covenants. Management believes the Organization is in compliance with these covenants.

7. RETIREMENT PLAN

Destination Cleveland has a defined contribution pension plan, with a 401(k) provision, which covers all employees who meet certain criteria as to age and years of service. Through March 31, 2020, Destination Cleveland provided matching contributions of 50% of employee deferrals up to 6% of compensation. Destination Cleveland may also make discretionary contributions to the plan. Destination Cleveland's policy is to fund the plan annually. The provisions for pension costs are included in benefits and amounted to approximately \$68,000 and \$42,000 (including matching contributions) for 2021 and 2020, respectively.

8. PAYROLL PROTECTION PROGRAM LOAN

In January 2021, the Organization received proceeds (PPP1) from their lending bank of \$1,044,970, as guaranteed by the Small Business Administration's Paycheck Protection Program under the CAA Act. The Organization secured these funds in order to help keep their workforce employed during the COVID-19 crisis. The loan can be 100% forgiven as long as the Company meets specific criteria, as defined, for the covered period through April 15, 2021, following receipt of the loan proceeds. This includes maintaining a certain level of employee headcount and compensation during that time period, demonstrating that the money was used for payroll costs, rent, mortgage interest, or utilities, and documenting in good faith the organization was unable to operate between February 15, 2020, and the end of the covered period at the same level of business activity as before February 15, 2020, due to the maintenance of standards for social distancing. The Organization met the safe harbor criteria for loan forgiveness during 2021, and was notified by the SBA of the forgiveness.

After spending PPP1 funds on eligible expenses by April 15, 2021, the Organization received proceeds from their lending bank in the amount of \$1,044,970 as guaranteed by the Small Business Administration's Paycheck Protection Program (PPP2) under the CAA Act. The loan can be 100% forgiven as long as the Organization meets the same specific criteria as PPP1 funds for the covered period of up to 24 weeks following the receipt of the loan proceeds. The Organization met the safe harbor criteria for loan forgiveness during 2021, and was notified by the SBA of the forgiveness.

A total of \$2,089,940 in proceeds from PPP1 and PPP2 forgivable loans is included on the consolidated statement of activities for the year ended December 31, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. COMMITMENTS AND CONTINGENCIES

Leases

The Organization has an office lease agreement, set to expire in 2025, which includes certain cancellable provisions, rent escalation clauses, and three five-year renewal options.

The Organization leases certain equipment under operating leases that expire through December 2023.

The future minimum rental commitments for these operating leases are as follows:

2022	\$	492,839
2023		455,248
2024		454,171
2025		<u>454,171</u>
	\$	<u>1,856,429</u>

The Organization is recognizing rental expense ratably over the term of the lease and, accordingly, a deferred rent liability has been recorded to recognize the escalation of rent.

The Organization subleases a portion of its office space to the Greater Cleveland Sports Commission (GCSC), on a month-to-month basis. As part of the sublease agreement, GCSC pays for a portion of information technology and office maintenance services and equipment.

Total rental expense, net of the sublease, amounted to approximately \$311,000 and \$399,000 during 2021 and 2020, respectively.

Lease Incentive Obligation

The Organization has recorded a lease incentive obligation in connection with the construction of its office facilities. The original amount provided by the landlord of approximately \$440,000 is being amortized on a straight-line basis over the term of the lease. Amortization of this lease incentive obligation utilized to reduce rent expense totaled \$17,224 and \$41,460 in 2021 and 2020, respectively.

Employee Leasing Agreement

Destination Cleveland has an employee leasing agreement with GCSC that expires on December 31, 2024. GCSC's CEO and President provides executive services as required by Destination Cleveland consistent with the terms provided in the agreement. Either party may terminate the leasing agreement with 30 days written notice, with or without cause.

Future Sponsorship and Convention Subsidy Commitments

The Organization has made commitments of approximately \$3,600,000 to sponsor and subsidize conventions scheduled to occur in 2022 – 2029. Based on the nature and conditions surrounding these commitments, no amounts have been accrued in the consolidated statement of financial position at December 31, 2021 and 2020.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. COMMITMENTS AND CONTINGENCIES (Continued)

The Rock and Roll Hall of Fame

Effective January 1, 2020, the Organization entered into a Restated Agreement (Agreement) with The Rock and Roll Hall of Fame and Museum, Inc. (Museum) whereby the Organization agrees to sponsor the Museum's biennial induction ceremonies in the County and shall pay to the Museum \$500,000 in even-numbered years beginning January 2020. The agreement states the induction must be held at least once every other year. The agreement may be terminated by mutual written consent of the Organization and the Museum at any time. In addition, if the Organization's bed tax funding is significantly reduced by any change in law or legislative action, the Museum has agreed to renegotiate the agreement with the Organization to account for the reduction.

In 2020, these sponsorships and allocations amounted to approximately \$500,000 and were recorded as a reduction to net Transient Occupancy Tax revenue. No such amounts were due to the Museum as of December 31, 2021 and 2020.

Laws and Regulations

The Ohio Revised Code (the Code) relating to the Transient Occupancy Tax is subject to interpretation. Potential noncompliance with the Code can be subject to future government review and interpretation as well as regulatory action. During 2016, the County withheld Transient Occupancy Tax generated from the Hilton Cleveland Downtown Hotel, which opened in 2016, from Destination Cleveland. Management therefore believes additional Transient Occupancy Tax could be owed to Destination Cleveland. However, no amounts have been recorded in these consolidated financial statements related to the County's potential noncompliance with state legislation.

Laws and regulations over federal funds received by the Organization as a result of the CARES Act and the CAA Act are complex and subject to interpretation. Potential noncompliance with these laws and regulations can be subject to future government review and interpretation as well as regulatory action. The Organization believes it is in compliance with all applicable laws and regulations and believes there are no material contingencies related to laws and regulations governing the Organization's use of federal funds.

Rocket Mortgage FieldHouse Renovation

The Organization has an agreement with the County to financially support a portion of the costs to renovate the Rocket Mortgage FieldHouse, a multi-purpose arena located in downtown Cleveland. Under the agreement, the Organization will allocate a portion of the gross Capital Improvement Transient Occupancy Tax receipts generated in any calendar year to renovate Rocket Mortgage FieldHouse, according to a schedule of annual payments through December 31, 2034. The sum of all annual payments during the term of the agreement amounts to \$44,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. COMMITMENTS AND CONTINGENCIES (Continued)

Rocket Mortgage FieldHouse Renovation (continued)

The annual payments to be made each year, as defined, are as follows:

2022	\$	2,000,000
2023		2,000,000
2024		2,750,000
2025		2,750,000
2026		2,750,000
Thereafter		<u>24,250,000</u>
	\$	<u>36,500,000</u>

During 2021, \$1,649,302 of the gross Capital Improvement Transient Occupancy Tax receipts were applied to the annual payment requirements, \$1,500,000 of which related to the required 2021 payment. The total includes an advance of \$453,201 related to the required 2022 payment, less the \$303,899 paid in 2021, has been included in the prepaid expenses and other assets on the accompanying consolidated statement of financial position at December 31, 2021.

During 2020, \$1,803,899 of the gross Capital Improvement Transient Occupancy Tax receipts were applied to the annual payment requirements, \$1,500,000 of which related to the required 2020 payment and an advance of \$303,899 related to the required 2021 payment. The \$303,899 related to 2021, has been included in prepaid expenses and other assets on the accompanying consolidated statement of financial position at December 31, 2020.

10. NET ASSETS

Board Designated Net Assets

In 2021, the Board of Directors designated assets of \$2,698,360 for convention subsidies.

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as follows at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Capital improvements for the Organization's share of the Capital improvement Funds	\$ 10,067,900	\$ 10,696,800
Leverage of trade shows	20,000	
Spirit of Cleveland initiatives	<u>59,159</u>	<u>52,564</u>
	<u>\$ 10,147,059</u>	<u>\$ 10,749,364</u>

Independent Auditors' Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards*

Board of Directors  
The Convention and Visitors Bureau of Greater Cleveland, Inc.  
DBA Destination Cleveland and Subsidiaries

We have audited, 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, the consolidated financial statements of The Convention and Visitors Bureau of Greater Cleveland, Inc. dba Destination Cleveland and Subsidiaries (nonprofit organization) (referred to as Destination Cleveland), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 27, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered Destination Cleveland's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Destination Cleveland's internal control. Accordingly, we do not express an opinion on the effectiveness of Destination Cleveland'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 consolidated 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.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Destination Cleveland's consolidated 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 consolidated financial statements. 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 Destination Cleveland's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Destination Cleveland's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cleveland, Ohio  
June 27, 2022

*Cohen & Company Ltd.*

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

	Destination Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total		Destination Cleveland	Spirit of Cleveland, Inc.	Eliminations	Total
ASSETS					LIABILITIES AND NET ASSETS				
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 14,485,253	\$ 133,840		\$ 14,619,093	Accounts payable and accrued expenses	\$ 541,890	\$ 62,936	\$ (28,576)	\$ 576,250
Amounts due from Cuyahoga County	2,629,519			2,629,519	Salaries and payroll taxes payable	194,668			194,668
Accounts receivable	81,350	30,100	\$ (28,576)	82,874	Deferred revenue	173,826			173,826
Prepaid expenses and other assets	704,722			704,722		910,384	62,936	(28,576)	944,744
Employee Retention Tax Credit receivable	801,404			801,404					
	<u>18,702,248</u>	<u>163,940</u>	<u>(28,576)</u>	<u>18,837,612</u>	DEFERRED RENT	<u>352,140</u>			<u>352,140</u>
						<u>1,262,524</u>	<u>62,936</u>	<u>(28,576)</u>	<u>1,296,884</u>
PROPERTY AND EQUIPMENT - AT COST	8,147,218			8,147,218	NET ASSETS WITHOUT DONOR RESTRICTIONS				
Less: Accumulated depreciation and amortization	6,532,009			6,532,009	Undesignated	11,188,975	41,845	(41,845)	11,188,975
	<u>1,615,209</u>			<u>1,615,209</u>	Board designated	2,698,360			2,698,360
						<u>13,887,335</u>	<u>41,845</u>	<u>(41,845)</u>	<u>13,887,335</u>
OTHER ASSETS					NET ASSETS WITH DONOR RESTRICTIONS				
Investments	4,753,457			4,753,457	Capital improvement funds - General reserve	6,898,900			6,898,900
Investment in subsidiaries	101,004		(101,004)		Capital improvement funds - Special projects	3,169,000			3,169,000
Other	125,000			125,000	Other initiatives	79,159	59,159	(59,159)	79,159
	<u>4,979,461</u>		<u>(101,004)</u>	<u>4,878,457</u>		<u>10,147,059</u>	<u>59,159</u>	<u>(59,159)</u>	<u>10,147,059</u>
						<u>24,034,394</u>	<u>101,004</u>	<u>(101,004)</u>	<u>24,034,394</u>
	<u>\$ 25,296,918</u>	<u>\$ 163,940</u>	<u>\$ (129,580)</u>	<u>\$ 25,331,278</u>		<u>\$ 25,296,918</u>	<u>\$ 163,940</u>	<u>\$ (129,580)</u>	<u>\$ 25,331,278</u>

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Destination Cleveland			Spirit of Cleveland, Inc.			Eliminations	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>										
Transient occupancy tax	\$ 10,190,425		\$ 10,190,425					\$ 10,190,425		\$ 10,190,425
Capital improvement transient occupancy tax		\$ 5,376,309	5,376,309						\$ 5,376,309	5,376,309
Less: Rocket Mortgage FieldHouse renovation	1,500,000		1,500,000					1,500,000		1,500,000
Net assets released from restriction	6,005,209	(6,005,209)						6,005,209	(6,005,209)	
Net transient occupancy tax	14,695,634	(628,900)	14,066,734					14,695,634	(628,900)	14,066,734
Partnership dues	326,487		326,487					326,487		326,487
Ad and publication	192,915		192,915					192,915		192,915
Grants					\$ 55,000	\$ 55,000			55,000	55,000
Interest and investment income (loss) - Net	(28,777)		(28,777)	\$ 38		38		(28,739)		(28,739)
Sponsorships and contributions	29,475	20,000	49,475	100		100		29,575	20,000	49,575
Miscellaneous	50,966		50,966				\$ (500)	50,466		50,466
Forgiveness of Paycheck Protection Program loans	2,089,940		2,089,940					2,089,940		2,089,940
Employee Retention Tax Credit income	579,062		579,062					579,062		579,062
In-kind contributions	10,761		10,761	7,404		7,404	(7,404)	10,761		10,761
Income from subsidiaries	(1,993)	6,595	4,602				(4,602)			
Net assets released from restriction				48,405	(48,405)			48,405	(48,405)	
	17,944,470	(602,305)	17,342,165	55,947	6,595	62,542	(12,506)	17,994,506	(602,305)	17,392,201
<b>EXPENSES</b>										
Program services										
Destination development	1,821,730		1,821,730					1,821,730		1,821,730
Marketing	4,812,722		4,812,722					4,812,722		4,812,722
Partnerships	1,117,170		1,117,170					1,117,170		1,117,170
Sales - Convention	2,210,179		2,210,179					2,210,179		2,210,179
Services - Convention	260,867		260,867					260,867		260,867
Spirit of Cleveland				57,940		57,940	(7,904)	50,036		50,036
	10,222,668		10,222,668	57,940		57,940	(7,904)	10,272,704		10,272,704
Supporting services										
Management and general	2,120,629		2,120,629					2,120,629		2,120,629
	2,120,629		2,120,629					2,120,629		2,120,629
	12,343,297		12,343,297	57,940		57,940	(7,904)	12,393,333		12,393,333
CHANGE IN NET ASSETS	5,601,173	(602,305)	4,998,868	(1,993)	6,595	4,602	(4,602)	5,601,173	(602,305)	4,998,868
NET ASSETS - BEGINNING OF THE YEAR	8,286,162	10,749,364	19,035,526	43,838	52,564	96,402	(96,402)	8,286,162	10,749,364	19,035,526
NET ASSETS - END OF THE YEAR	\$ 13,887,335	\$ 10,147,059	\$ 24,034,394	\$ 41,845	\$ 59,159	\$ 101,004	\$ (101,004)	\$ 13,887,335	\$ 10,147,059	\$ 24,034,394

# OHIO AUDITOR OF STATE KEITH FABER



**CONVENTION AND VISITORS BUREAU OF GREATER CLEVELAND**

**CUYAHOGA 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 7/28/2022**

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)