

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Toledo-Lucas County Convention and Visitors Bureau, Inc., Lucas County, prepared by Weber O'Brien, Ltd., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Toledo-Lucas County Convention and Visitors Bureau, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 18, 2007

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TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of the Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit, Greater Toledo Convention and Visitors Bureau, (collectively the "Organization") as of December 31, 2006, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit as of December 31, 2006, and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2007 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages 3 - 8 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Webster Brian Ltd

June 7, 2007

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

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. (herein referred to as the TLCCVB) and its discretely presented component unit, Greater Toledo Convention and Visitors Bureau (herein referred to as the GTCVB) (collectively called the Organization) for the year ended December 31, 2006. This information in the MD&A should be read in conjunction with the Organization's financial statements and corresponding notes to the financial statements.

Financial Highlights

- Assets exceeded liabilities for the Organization by \$6,720,829 as of December 31, 2006.
- Net assets increased for the Organization by \$5,796,736 in 2006.
- Debt decreased \$1,056,378. There was one new addition to debt to finance the purchase of four turbines.

Overview of the Financial Statements

The Organization's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). Under GASB Statement No. 14, TLCCVB is defined as a "primary government", the GTCVB is considered a discretely presented component unit of the primary government; both entities utilize enterprise fund accounting.

The basic financial statements of the Organization together with the notes, which are essential to a full understanding of the data contained in the financial statements, are the following:

- Statements of Net Assets - This statement presents information on all the Organization's assets and liabilities, with the difference between the two reported as net assets.
- Statements of Revenues, Expenses, and Changes in Net Assets - This statement shows how the Organization's net assets have changed during the most recent year. Revenue is reported generally when earned, and expenses are reported when incurred.
- Statements of Cash Flows - This statement reports cash and cash equivalent activities for the fiscal year resulting from operating, capital and related financial 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.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

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

The tables below provide a summary of the Organization's financial position and operations for 2006 and 2005, respectively. The Organization implemented Governmental Accounting Standards Board Statement 34, Basic Financial Statements- and Management's discussion and Analysis-for State and Local Governments in 2004. Certain amounts may vary slightly due to differences caused by rounding to thousands.

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

	<u>TLCCVB</u>			<u>GTCVB</u>		
	<u>2006</u>	<u>2005</u>	<u>Change</u>	<u>2006</u>	<u>2005</u>	<u>Change</u>
Current Assets	\$ 2,628	\$ 2,176	\$ 452	\$1,048	\$ 871	\$ 177
Restricted Assets	3,199	3,048	151	-0-	-0-	-0-
Capital Assets, Net	14,147	9,982	4,165	24	21	3
Other Assets	<u>259</u>	<u>288</u>	(<u>29</u>)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	20,233	15,494	4,739	1,072	892	180
Current Liabilities	1,788	1,660	128	127	75	52
Long Term Liabilities, Net	<u>12,670</u>	<u>13,727</u>	(<u>1,057</u>)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities	14,458	15,387	(929)	127	75	52
Invested in Capital Assets	441	(4,738)	5,179	-0-	-0-	-0-
Restricted	3,199	3,048	151	-0-	-0-	-0-
Unrestricted	<u>2,135</u>	<u>1,797</u>	<u>338</u>	<u>945</u>	<u>817</u>	<u>128</u>
Total Net Assets	\$ 5,775	\$ 107	\$5,668	\$ 945	\$ 817	\$ 128

During 2006, net assets increased by \$5,796,000. The majority of this increase was due to the following:

- Cash has increased \$674,000 from 2005.
- Capital assets increased by \$4,165,000. This was largely due the contribution of the portion of the SeaGate Centre owned by the University of Toledo to the TLCCVB.
- Long-term liabilities decreased by \$1,057,000 as a result of scheduled debt service payments, which was the largest portion of the decline in long-term liabilities.

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

The following table summarizes the changes in revenues and expenses for the Organization between 2005 and 2006:

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

	<u>2006</u>	<u>TLCCVB</u> <u>2005</u>	<u>Change</u>	<u>2006</u>	<u>GTCVB</u> <u>2005</u>	<u>Change</u>
<u>Operating Revenues</u>						
Hotel/Motel Tax	\$ 908	\$ 939	(\$ 31)	\$1,205	\$1,160	\$ 45
Sales	1,066	1,065	1	-0-	-0-	-0-
Parking	551	542	9	-0-	-0-	-0-
Lucas County Subsidy	150	150	-0-	-0-	-0-	-0-
Other	<u>325</u>	<u>489</u>	(<u>164</u>)	<u>100</u>	<u>102</u>	(<u>2</u>)
Total Operating Revenue	3,000	3,185	(185)	1,305	1,262	43
<u>Operating Expenses</u>						
Payroll and benefits	1,705	1,720	(15)	423	459	(36)
Marketing/Advertising	83	69	14	510	422	88
Utilities	524	491	33	10	10	-0-
Supplies	250	269	(19)	12	11	1
Insurance	112	108	4	1	-0-	1
Other	<u>92</u>	<u>235</u>	(<u>143</u>)	<u>234</u>	<u>193</u>	<u>41</u>
Total Operating Expense	<u>2,766</u>	<u>2,892</u>	(<u>126</u>)	<u>1,190</u>	<u>1,095</u>	<u>95</u>
Operating Income before						
Depreciation	234	293	(59)	115	167	(52)
Depreciation	<u>1,103</u>	<u>985</u>	<u>118</u>	<u>9</u>	<u>14</u>	<u>5</u>
Operating Income (Loss)						
after Depreciation	(869)	(692)	(177)	106	153	(47)
<u>Non-Operating</u>						
Hotel/Motel Tax	1,783	1,696	87	-0-	-0-	-0-
Capital Contribution	5,238	-0-	5,238	-0-	-0-	-0-
Other	(<u>484</u>)	(<u>735</u>)	<u>251</u>	<u>23</u>	<u>10</u>	<u>13</u>
Total Non-operating	<u>6,537</u>	<u>961</u>	<u>5,576</u>	<u>23</u>	<u>10</u>	<u>13</u>
Net Change in Net Assets	\$5,668	\$ 269	\$5,399	\$ 129	\$ 163	(\$ 34)

Operating revenues consist of a portion of Hotel/Motel taxes collected on rooms occupied, with amounts in excess of debt service requirements used for operating purposes. These revenues are a function of price and occupancy. A hotel/motel tax of 3% is levied by Lucas County, Ohio and an additional 3% is levied by the City of Toledo; these taxes are collected by the County and distributed as revenue to the TLCCVB for Bond interest and debt repayment. An additional 2% of hotel/motel tax is levied for use by the GTCVB, and is distributed directly to the GTCVB.

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

The remaining revenues largely come from convention facility sales and funding by the County of Lucas.

- Hotel/Motel Taxes (in total) increased by \$101,000 in 2006.
- State grant revenue decreased by \$150,000 in 2006.
- Revenue from Lucas County was \$150,000 in 2006, the same as in 2005.
- In 2006, The University of Toledo (UT) terminated their operating agreement with TLCCVB. UT paid TLCCVB \$137,196 in termination fees which were recorded as non-operating revenues. In addition, UT transferred title of its interests in the SeaGate Centre. The contributed asset was recorded as a capital contribution of \$5,237,814 in non-operating revenues.

Operating expenses

- Interest expense decreased due to the reduction of the Long-Term debt balance.
- Marketing and advertising increased due to an increase in expenditures by both the TLCCVB & GTCVB.
- Utilities have increased by \$33,000. An increase was recognized in the natural gas area.
- Expense reimbursements from the University of Toledo and other co-tenants increased by \$70,000. Such reimbursements reduce operating expenses.

Capital Assets

At the end of 2006, the Organization had \$14,171,000 (net of accumulated depreciation) invested in capital assets. The investment in capital assets includes the convention facility with over 75,000 square feet of exhibit hall space, a 374-car underground parking garage, and related meeting and back of house space and supporting furniture, fixtures and equipment.

The investment in capital assets increased by \$4,165,000 during 2006. The primary change in capital assets was due to the contribution of the portion of the SeaGate Centre owned by the University of Toledo to the TLCCVB. Current year depreciation expense was \$1,113,000. Purchases of capital assets were \$58,000.

Capital asset acquisitions are capitalized at cost and depreciated using the straight-line method, based upon estimated useful lives of the assets. The portion of the SeaGate Centre donated by the University of Toledo is valued at the University's net carrying value (historical cost less accumulated depreciation) and is depreciated using the straight-line method over the remainder of its useful life.

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

Debt Administration

At December 31, 2006 the Bureau had total long-term debt outstanding of \$12,671,000 compared to \$13,727,000 at December 31, 2005. During 2006, the Organization repaid \$1,003,000 in principal on outstanding debt.

During 1996 the Bureau issued Fixed Rate Special Revenue Bonds, refunding the Series 1988 and 1991 Demand Special Revenue Bonds that were outstanding. These Bonds were for the construction of the Convention Centre and its furniture and fixtures. Accrued interest from October 1985 through September 1991 on the 1991 Variable Rate Demand and Special Revenue bond of \$753,000 still exists and is payable in October, 2010.

Interest on the Series 1996 Bonds is payable semiannually on April 1 and October 1 of each year. Interest rates on the Bonds range from 4.85% - 5.70% through 2015. Interest has been accrued on all bonds through December 31, 2006.

Annual debt service requirements for the bonds are met through the collection of hotel/motel taxes. The Bond Indenture requires that proceeds from the hotel/motel tax as well as from earnings received through investments must first be used to meet annual debt service obligations. Only after these obligations are met can tax proceeds and investments be used to offset on-going improvements to and operations of the convention center. The Organization has pledged all present and future receipts at the 6% level consisting of the hotel/motel tax receipts and any deposit accounts, along with investment income to be used for the debt service requirements.

In accordance with the Bond Indenture, a bond service reserve fund has been established as special trust funds to provide for the payment of the bond principal and interest in the event the amount in the debt service fund is insufficient. The balance in this fund is currently approximately \$1,723,000. Also included in restricted funds are hotel/motel tax receipts collected between debt service payment dates.

Outstanding Debt at December 31,
(In Thousands)

	<u>2006</u>	<u>2005</u>	<u>Change</u>
Bonds Payable	\$12,640	\$13,570	(\$ 930)
Note Payable to Bank	313	386	(73)
Notes Payable	753	753	0
Capital leases	<u>0</u>	<u>11</u>	<u>(11)</u>
Total Debt	\$13,706	\$14,720	(\$1,014)

TOLEDO LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2006

Economic Factors

Economic factors, as well as events of September 11, 2001, have impacted the convention and travel industry nationwide. This is true in Toledo/Lucas County as well. Revenues resulting from hotel/motel usage decreased in 2001 after years of growth. Convention attendance, as well as booking also decreased during this period of time. This caused a decline in facility income that parallels the decrease in hotel/motel taxes. The good news is that over the past year (as in 2005), the hotel/motel market and booking are improving.

Even with reduced levels of hotel/motel tax revenue, the Organization has been able to meet all debt service obligations without using reserve funds. The reduced levels of revenue have decreased the amount of excess hotel/motel funds available for other expenses. This has caused the Organization to carefully review expenses and cut staff in non-critical areas. This past year the hotel/motel tax revenues have rebounded, and we are optimistic for the year ahead.

The University of Toledo in late 2006 vacated the portion of the SeaGate Centre which they owned. TLCCVB agreed to lease back and grant UT the right to use certain space, rooms and/or spaces in the Convocation Center on a limited basis for a term of 20 years. UT agreed to pay TLCCVB \$357,452 to satisfy UT's obligation under the operating agreement and \$137,196 in termination fees

Contacting the Organization's Financial Management

This financial report is designed to provide a general overview of the Organization's finance for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Finance Director, Toledo Lucas County Convention and Visitor's Bureau, Inc., 401 Jefferson Avenue, Toledo, Ohio 43604

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENT OF NET ASSETS
December 31, 2006

ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,201,415	\$ 881,053
Accounts receivable		
Trade, net of allowance of \$28,620 and \$6,000, respectively	80,735	14,143
Hotel/motel tax receivables	346,716	153,182
Total Current Assets	<u>2,628,866</u>	<u>1,048,378</u>
RESTRICTED ASSETS FOR DEBT SERVICE		
Trustee held investments	<u>3,198,519</u>	<u>-0-</u>
Total Restricted Assets	3,198,519	-0-
CAPITAL ASSETS		
Building	31,983,017	-0-
Furniture and fixtures	3,175,682	197,715
Other capital assets	411,367	-0-
Total depreciable capital assets	35,570,066	197,715
Accumulated depreciation and amortization	(21,422,416)	(173,776)
Net depreciable capital assets	14,147,650	23,939
OTHER ASSETS - Deferred Bond Issuance Costs	<u>258,680</u>	<u>-0-</u>
TOTAL ASSETS	20,233,715	1,072,317

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
 STATEMENT OF NET ASSETS, CONTINUED
 December 31, 2006

LIABILITIES AND NET ASSETS

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 213,662	\$ 66,389
Current portion of long term liabilities	1,035,777	-0-
Accrued payroll and payroll taxes	184,867	22,701
Accrued interest	177,995	-0-
Accrued real estate taxes and special assessments	71,237	-0-
Other accrued liabilities	1,898	-0-
Security deposits	89,318	-0-
Deferred revenue	13,582	37,435
	<hr/>	<hr/>
Total Current Liabilities	1,788,336	126,525
LONG TERM LIABILITIES		
Bonds payable	12,640,000	-0-
Note payable to bank	312,788	-0-
Note payable - non-interest bearing	753,331	-0-
Subtotal	13,706,119	-0-
Less: Current portion	(1,035,777)	-0-
	<hr/>	<hr/>
Net Long Term Liabilities	12,670,342	-0-
	<hr/>	<hr/>
TOTAL LIABILITIES	14,458,678	126,525
NET ASSETS:		
Invested in capital assets, net of related debt	441,531	-0-
Restricted for debt service	3,198,519	-0-
Unrestricted	2,134,987	945,792
	<hr/>	<hr/>
TOTAL NET ASSETS	<u>\$ 5,775,037</u>	<u>\$ 945,792</u>

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended December 31, 2006

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
OPERATING REVENUES		
Hotel/motel tax receipts	\$ 908,238	\$ 1,204,614
Convention facilities	1,065,873	-0-
Parking, net of expenses of \$333,649	551,539	-0-
Gladieux subsidy	257,443	-0-
Lucas County subsidy and State Grant	150,000	-0-
Membership dues	-0-	86,803
Earnings from sale of exclusive rights	49,000	-0-
Cooperative projects	-0-	8,868
Other	18,231	4,202
	<hr/>	<hr/>
Total Operating Revenues	3,000,324	1,304,487
OPERATING EXPENSES		
Payroll and fringe benefits	1,705,060	423,391
Utilities	523,955	9,962
Supplies, maintenance and other	249,816	12,077
Security	123,862	-0-
Miscellaneous	139,849	29,857
Building and equipment rent	80,485	14,840
Insurance	111,663	531
Marketing and advertising	83,469	510,117
Legal and Accounting	51,995	3,145
Real estate taxes and special assessments	27,279	-0-
Travel and entertainment	20,147	43,083
Dues, memberships and subscriptions	4,959	8,335
Provision for losses on accounts receivable	-0-	3,970
Postage	3,695	44,410
Photography, printing and publications	-0-	79,100
Sales tax expense	-0-	6,829
Less: Expenses reimbursed by The University of Toledo and other co-tenants	(360,070)	-0-
	<hr/>	<hr/>
Total Operating Expenses	2,766,164	1,189,647
Operating Income before Depreciation	234,160	114,840
Depreciation	1,103,312	9,292
	<hr/>	<hr/>
Operating Income (Loss)	(869,152)	105,548
NONOPERATING REVENUES (EXPENSES)		
Hotel/motel tax receipts	1,782,937	-0-
University of Toledo Termination Fee	137,196	-0-
Interest and amortization of bond discount and finance costs	(795,802)	-0-
Capital Contribution	5,237,814	-0-
Investment Income	175,134	23,061
	<hr/>	<hr/>
Net Nonoperating Revenues (Expenses)	6,537,279	23,061
CHANGE IN NET ASSETS	5,668,127	128,609
NET ASSETS - BEGINNING	<hr/> 106,910	<hr/> 817,183
NET ASSETS - ENDING	\$ 5,775,037	\$ 945,792

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO - LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2006

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
CASH FLOWS FROM OPERATIONS		
Cash Received from Customers, Taxes and Subsidies	\$ 3,412,745	\$ 1,303,298
Cash Payments to Suppliers for Goods and Services	(1,329,718)	(717,873)
Cash Payments to Employees for Services	(1,707,508)	(420,053)
NET CASH PROVIDED BY OPERATIONS	375,519	165,372
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Received for Debt Service	1,782,937	-0-
Purchases of Property and Equipment	(45,625)	(12,243)
Repayment of Long Term Debt	(1,003,165)	-0-
Interest paid	(765,166)	-0-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(31,019)	(12,243)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash received for Termination Fees	137,196	-0-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	137,196	-0-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	160,085	23,061
Sale of investments	4,480,661	
Purchase of investments	(4,624,920)	-0-
NET CASH PROVIDED BY INVESTING ACTIVITIES	15,826	23,061
INCREASE IN CASH AND CASH EQUIVALENTS	497,522	176,190
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,703,893	704,863
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,201,415	\$ 881,053

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
 STATEMENTS OF CASH FLOWS, CONTINUED
 Year Ended December 31, 2006

	<u>Toledo-Lucas County Convention and Visitors Bureau, Inc.</u>	<u>Discretely Presented Component Unit Greater Toledo Convention and Visitors Bureau</u>
CASH FLOWS FROM OPERATIONS		
Operating income (loss)	(\$ 869,152)	\$ 105,548
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,103,312	9,292
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	42,837	2,195
Hotel/motel tax receivables	1,498	(3,234)
Other assets and liabilities	669	(23)
Security deposits	(20,243)	-0-
Accrued real estate taxes	22,773	-0-
Accounts payable	88,257	48,406
Accrued payroll and payroll taxes	(2,448)	3,338
Deferred revenue	8,016	(150)
Total adjustments	<u>1,244,671</u>	<u>59,824</u>
NET CASH PROVIDED BY OPERATIONS	<u>\$ 375,519</u>	<u>\$ 165,372</u>

"The Accompanying Notes are an Integral
Part of These Financial Statements"

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Toledo-Lucas County Convention and Visitors Bureau, Inc. (TLCCVB) operates the SeaGate Centre (a convention and convocation center) in the City of Toledo. The SeaGate Centre is comprised of two components: (1) a convention facility which is owned by TLCCVB and (2) convocation space (classrooms and meeting rooms) which was owned by The University of Toledo. The University space was acquired by TLCCVB in 2006 (Note 7). The Greater Toledo Convention and Visitors Bureau (GTCVB), a component unit, was established to encourage and promote the utilization of convention, restaurant, hotel, motel and entertainment facilities in Toledo and the surrounding areas. Upon the dissolution of GTCVB, any remaining assets after payment of all obligations will be distributed to the TLCCVB. TLCCVB is supported primarily through hotel/motel taxes that account for approximately 62% of revenue in 2006.

TLCCVB is affiliated with GTCVB by virtue of being the sole member of GTCVB, as provided under GTCVB's code of regulations. Consequently, TLCCVB has controlling interest in GTCVB, and is responsible for appointing and removing GTCVB's Board of Trustees.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. Based on these criteria, GTCVB is determined to be a component unit.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in single enterprise funds.

Enterprise funds are used to account for the costs of providing goods and services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the government intends to fully recover the cost of the goods or services provided. The Organization does not meet the above criteria, however, it qualifies for enterprise accounting under the transition rules of GASB 34 whereby it previously reported as a not-for-profit under the American Institute of CPAs not-for-profit model at the date of the GASB 34 statement.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting, Continued

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Organization follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The Organization also follows Financial Accounting Standards Board Statements and Interpretations, issued after November 30, 1989 that are developed for business enterprises, except those that conflict with or contradict GASB pronouncements.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Organization are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the Organization finances and meets the cash flow needs of its enterprise activity.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments (excluding restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Substantially all cash is held at one financial institution.

Investments

Investments are stated at fair values.

Deferred Bond Issuance Costs

Deferred bond issuance costs are stated at cost and are being amortized over the life of the related indebtedness on the straight-line basis.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 and finance charges at a rate of 1.5% monthly or 18% annually are charged per the policy indicated on every invoice. A phone call is made first in an attempt to collect and notify the customer of the finance charges applied. If the account becomes between 60 and 90 days past due, it is sent to a collection agency. In the first phase, which can span another 90 days, 100% of the invoice can be collected. Approximately only half of the original invoice can be collected in the second phase. The third phase is to file suit against the customer.

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 Centre maintains a capitalization threshold of one thousand dollars.

Depreciation is recorded using the straight-line method over the estimated useful lives of the depreciable assets.

Revenues

A hotel/motel tax of 3% is levied by Lucas County, Ohio and an additional 3% is levied by the City of Toledo; these taxes are collected by the County and distributed as revenue to TLCCVB for bond interest and debt repayment. The excess of annual hotel/motel tax receipts over debt service payments and mandatory debt reserve fund additions is distributed to TLCCVB and can be used for operating purposes. Such excess amounts are shown as operating income in the financial statements. Effective September 1997, a 1% hotel/motel tax was enacted by Lucas County, Ohio, to be collected by the County and distributed as revenue to GTCVB and is to be used for marketing purposes. In February 1998, the rate was increased to 1½% through June 1998 and 2% thereafter. This revenue is recognized in the period in which the underlying hotel/motel tax revenue is generated as evidenced by collection by the County. A portion of the tax is classified as non-operating as it is restricted for payments relating to debt service.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenues, Continued

Approximately 49% of the TLCCVB's total revenues and 90% of GTCVB's total revenues for 2006 were derived from this source. Accounts receivable from this source approximated 81% of total accounts receivable at December 31, 2006 for the TLCCVB. Accounts receivable from this source are considered to be fully collectible; accordingly, no allowance for uncollectible accounts is required.

Compensated Absences

The Organization follows GASB Statement No. 16, Accounting for Compensated Absences, which requires that a liability be accrued if it is probable that the employee will be compensated through cash payment upon termination of employment.

Deferred Revenue

Income from membership dues and scheduled events is deferred and recognized over the periods to which the dues relate and scheduled events take place.

Income Taxes

TLCCVB and GTCVB are both incorporated under the laws of the State of Ohio as not-for-profit corporations and are exempt from state and local income taxes. The Internal Revenue Service has determined TLCCVB and GTCVB 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 is subject to taxation as unrelated business income.

Unrelated business income is immaterial. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Assets, Continued

Restricted net assets consist of monies and other resources that are restricted to satisfy debt service requirements as specified in debt agreements. The Board of Trustees of the TLCCVB has designated unrestricted net assets aggregating \$694,038 for capital improvements and expansion, and future debt payments related to the outstanding interest of \$753,331 owed on the 1991 Variable Rate Demand and Special Revenue bonds. The amount designated for capital improvements and expansion was \$213,001 and the amount designated for repayment of the outstanding interest owed on the 1991 bonds was \$481,037. Such amounts are not restricted, and may be designated for other purposes or eliminated at the discretion of the Board.

NOTE 2 - CASH AND INVESTMENTS

Protection of TLCCVB and GTCVB's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, TLCCVB and GTCVB will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2006, the carrying amount of TLCCVB and GTCVB's deposits were \$2,201,415 and \$881,053 respectively. At year end, \$2,112,473 of TLCCVB's bank balance of \$2,212,473 and \$782,174 of GTCVB's bank balance of \$882,174 was exposed to custodial credit risk because it was uninsured and collateralized by the financial institution's collateral pool.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2006

NOTE 2 - CASH AND INVESTMENTS, Continued

Demand deposits and certificates of deposit are collateralized at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments

As of December 31, 2006, TLCCVB had the following investments:

FHLMC	<u>Fair Value</u> \$1,354,640
Fifth Third US Treasury Money Market Fund	<u>1,843,879</u>
Total Investments	<u>\$3,198,519</u>

Interest Rate Risk - Board Resolutions requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of TLCCVB or GTCVB, and must be purchased with the expectation that it will be held to maturity.

Credit Risk - Investments in Fifth Third U.S. Treasury money market funds carries a rating of AAA by Standard and Poor's rating agency. Investments in Federal Home Loan Mortgage Corporation notes carry a rating of AAA/A-1+ by Standard and Poor's rating agency.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of counterparty, TLCCVB and GTCVB will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. TLCCVB and GTCVB have no policies which address custodial credit risk.

Concentration of Credit Risk - TLCCVB and GTCVB places no limit on the amounts invested in any one issuer.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2006

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2006 is as follows:

<u>TLCCVB</u>	Balance at January 1, 2006	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, 2006
Historical Cost:				
Building	\$26,741,431	\$5,241,586	\$ -0-	\$31,983,017
Furniture and Fixtures	3,196,702	14,500	35,520	3,175,682
Other Capital Assets	<u>384,015</u>	<u>27,352</u>	<u>-0-</u>	<u>411,367</u>
Total Historical Cost	30,322,148	5,283,438	35,520	35,570,066
Accumulated Depreciation:				
Building	16,890,018	1,073,215	-0-	17,963,233
Furniture and Fixtures	3,131,233	16,467	26,048	3,121,652
Other Capital Assets	<u>319,085</u>	<u>18,446</u>	<u>-0-</u>	<u>337,531</u>
Total Accumulated Depreciation	<u>20,340,336</u>	<u>1,108,128</u>	<u>26,048</u>	<u>21,422,416</u>
Capital Assets, Net	<u>\$9,981,812</u>	<u>\$ 4,175,310</u>	<u>\$ 9,472</u>	<u>\$ 14,147,650</u>
Depreciation Expense Charged to Operating Expense		<u>\$1,103,312</u>		
<u>GTCVB</u>	Balance at January 1, 2006	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, 2006
Historical Cost:				
Furniture and Fixtures	\$185,472	\$12,243	\$ -0-	\$197,715
Accumulated Depreciation:				
Furniture and Fixtures	<u>164,484</u>	<u>9,292</u>	<u>-0-</u>	<u>173,776</u>
Capital Assets, Net	<u>\$ 20,988</u>	<u>\$ 2,951</u>	<u>\$ -0-</u>	<u>\$ 23,939</u>
Depreciation Expense Charged to Operating Expense		<u>\$ 9,292</u>		

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2006

NOTE 4 - BONDS AND NOTES PAYABLE

Bonds and notes outstanding at December 31, 2006 are as follows:

	Balance at December 31, <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	Balance at December 31, <u>2006</u>	<u>Due Within One Year</u>
Bonds Payable	\$13,570,000	\$ -0-	\$ 930,000	\$12,640,000	\$ 980,000
Note Payable to Bank	385,954	-0-	73,166	312,788	55,777
Note Payable	<u>753,331</u>	<u>-0-</u>	<u>-0-</u>	<u>753,331</u>	<u>-0-</u>
Total	<u>\$14,709,285</u>	<u>\$ -0-</u>	<u>\$1,003,166</u>	<u>\$13,706,119</u>	<u>\$1,035,777</u>

During 1996 TLCCVB issued \$20,290,000 Fixed Rate Special Revenue Refunding Bonds Series 1996 and refunded the Series 1988 and 1991 Variable Rate Demand Special Revenue Bonds. Accrued interest from October 1985 through September 1991 of \$753,331 on the 1991 Variable Rate Demand and Special Revenue Bonds still exists and is payable in October 2010. It is reported in the financial statements as the note payable, non-interest bearing.

Interest on the Series 1996 Bonds is payable on April 1 and October 1 of each year, with the interest rates fixed at a rate that is adjusted on an annual basis. The interest rate on the Series 1996 Bonds range from 4.85% - 5.70% through 2015. Annual principal retirements are payable October 1 each year.

TLCCVB has pledged all present and future receipts of the 6% hotel/motel tax receipts, net parking revenues, and any deposit accounts, along with the investment income, held by the trustee for debt service payments on the Series 1996 Bonds. TLCCVB agreed, among other things, not to create any debt against pledged receipts and to maintain a reserve fund and a bond fund to provide for payments relating to principal and interest on the bonds.

The funds held by the trustee under the bond indenture agreements consist of certain investments and are classified in the balance sheet as restricted assets.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2006

NOTE 4 - BONDS AND NOTES PAYABLE, Continued

When the bonds are paid off TLCCVB will convey to the County the exclusive use and possession of the Convention Center and any additions made to the site. The County also has the right to acquire the Convention Center from the TLCCVB if the County provides sufficient funds to defease the bonds.

During 2005 TLCCVB entered into a promissory note with Huntington Bank to finance the purchase of four turbines to generate electricity and reduce utility costs. The turbine project was partially funded by a State of Ohio Grant, with the balance being funded by a favorable interest rate loan, which was secured through Huntington Bank under a "linked deposit program" established by the Ohio Revised Code. The term of the loan is 80 months with payments of \$5,123 at an interest rate of 1.985%.

Maturities of bonds and notes payable principal and interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,035,777	\$ 717,683
2008	1,086,894	662,666
2009	1,148,034	604,876
2010	1,962,527	543,764
2011	1,270,382	479,328
2012 and Thereafter	<u>7,202,505</u>	<u>1,182,278</u>
Total	<u>\$13,706,119</u>	<u>\$4,190,595</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

TLCCVB, under an operating lease agreement, leases the land of the convention center site from the Lucas County Commissioners for a nominal annual fee. Representatives of Lucas County are presently serving as Trustees of the TLCCVB.

TLCCVB retains a law firm of which a Trustee of the TLCCVB is a partner. TLCCVB incurred fees from this firm amounting to \$33,420 in 2006.

The Organization retains a marketing firm of which a Trustee of the TLCCVB is a partner. The Organization incurred fees from this firm amounting to \$88,796 in 2006.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2006

NOTE 6 - RETIREMENT AND OTHER BENEFIT PLANS

TLCCVB and GTCVB both have defined contribution retirement plans for eligible employees, created under the authority of a resolution of the governing boards and administered by Emjay Retirement Plan Services. Under the provisions of the plans (the TLCCVB salaried employees' retirement plan, the TLCCVB hourly employees' retirement plan, and the GTCVB plan), TLCCVB and GTCVB contribute an amount equal to 4% of its employees' gross salaries. In addition, TLCCVB and GTCVB make matching contributions at a rate of 75% of employee contributions up to a maximum of 1% of an employee's gross salary. Employees may elect to defer up to 20% of their compensation. Employer contributions to the plans during 2006 were \$72,257.

NOTE 7 - LEASING TRANSACTIONS AND CAPITAL CONTRIBUTIONS

TLCCVB and GTCVB leased certain setup equipment and meeting room space from the University of Toledo on an as needed basis. This lease agreement was terminated in March 2006.

On October 13, 2006, TLCCVB and the University of Toledo (UT) entered into an agreement whereby the parties agreed to terminate its operating agreement related to the convocation space owned by UT, which is part of the SeaGate Centre. The operating agreement required UT to pay its prorata share (28.5%) of the operating expenses of the SeaGate Centre. UT paid TLCCVB \$357,452 to satisfy their obligation under the operating agreement and \$137,196 in termination fees. As part of the agreement, UT conveyed and transferred title of its interest in the convocation space to the TLCCVB. In addition, UT assigned and transferred its rights under a parking garage agreement to the TLCCVB. TLCCVB agreed to lease back a minor portion of the facility and parking space to UT on a limited basis for a period of twenty years for annual rent of one dollar (\$1).

The value of UT's interest in the SeaGate Centre transferred to the TLCCVB is recorded as a capital contribution in the accompanying statement of revenues, expenses, and changes in net assets in the amount of \$5,237,814, which is UT's historical cost of \$9,976,788 less accumulated depreciation of \$4,738,974. The entire amount of the capital contribution was recorded as revenue in 2006 as the value of the lease back provision was considered by management to be immaterial to the accompanying financial statements.

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
Year Ended December 31, 2006

NOTE 8 - INSURANCE

The Organization maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. There were no significant reductions in coverage from the prior year and settled claims were not in excess of coverage in any of the past three years. The Organization is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets and injuries to employees.

The Organization also maintains Directors' and Officers' liability insurance with an aggregate limit of insurance of \$2,000,000.

NOTE 9 - MANAGEMENT AGREEMENT

TLCCVB entered into a management agreement late in 2001 with the Board of Lucas County Commissioners to manage Lucas County owned parking lots for an annual fee that increases 4% every year through 2011, with the fee to be received by March 1st. The fee is being paid to TLCCVB to cover all costs including labor, repair and maintenance, taxes and utilities of the lots. Management income for 2006 was \$81,890 and is included in parking revenue.

The parking receipts from these lots are to replace the receipts from the lots lost for construction of a new ballpark. Stated in the agreement is a clause that if net parking receipts are less than \$50,000 annually, then the owner will pay the balance up to \$50,000 to TLCCVB. Conversely, if net parking receipts exceed \$50,000, the first \$15,000 will be kept by the manager for a restricted capital reserve account for the lots. Any excess over the \$15,000 will be allocated 40% to TLCCVB and 60% to the owner. Net parking receipts to the Organization for 2006 under the above arrangement were \$81,699.

NOTE 10 - SUBSEQUENT EVENT

Subsequent to year end, the Organization entered into a commitment to purchase a portion of the parking spaces in the garage for \$1,175,000. The Organization has obtained a commitment from a bank for a six year term loan to finance the purchase.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

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

We have audited the accompanying statement of net assets of Toledo-Lucas County Convention and Visitors Bureau, Inc. and of its discretely presented component unit, Greater Toledo Convention and Visitors Bureau (Collectively "Organization"), as of and for the year ended December 31, 2006 and the related statements of revenues, expenses, and changes in net assets and of cash flows for the year then ended, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material

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

misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Webster O'Brien Ltd

June 7, 2007



Mary Taylor, CPA
Auditor of State

TOLEDO-LUCAS COUNTY CONVENTION AND VISITORS BUREAU, INC.

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 28, 2007**